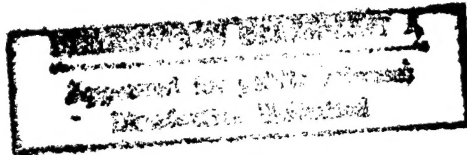


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JPRS 81018

10 June 1982



# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 35

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FOREIGN BROADCAST INFORMATION SERVICE

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### DEPUTY GOSPLAN CHAIRMAN LAKHTIN ON CONSUMER DEMAND

Moscow IZVESTIYA in Russian 16 Feb 82 p 3

[Article by Deputy USSR Gosplan Chairman V. Lakhtin: "Supply and Demand--All-Union IZVESTIYA Review--More High-Quality Goods"]

[Text] The Soviet economy has taken another step forward in recent years. There have been successes in many sectors of the national economy. Certain advances have also been made in consumer goods production. Despite this, it was noted at the 26th CPSU Congress that there are still problems and shortcomings in this area. There is still a shortage of certain needed items, and they are not always of the proper quality. The editors of IZVESTIYA have received letters about this from, among others, P. Belyakov from the "Oktyabr'" kolkhoz in Krasnodarskiy Kray, V. Shestakov of Perm', U. Gontar' of Alma-Ata, Minsk resident V. Naumenko, M. Bilenko of the city of Chuguyev in Khar'kovskaya Oblast, and others. What sort of changes will occur in consumer goods production during the current five-year plan and specifically, this year? The present article deals with this subject.

If we compare the state of the consumer goods market five years ago with the present market, we can clearly conclude that there are indisputably more goods, their quality has risen and production planning and control in this field have improved. More than 46 billion rubles worth of cultural and personal goods and household items alone was produced during the first year of this five-year period. This represents a growth of six percent over the level for the final year of the 10th Five-Year Plan. Items in the highest quality category represented almost 20 percent of the total production volume. An average of 576 rubles worth of cultural and personal goods and household items was produced for every family last year.

Production of corsets and related items, thermal athletic jackets, men's shorts, baby's underwear, Turkish towels, knit underwear of cotton and blended yarns, men's socks, children's leotards and bed linen had increased at accelerated rates.

One significant fact needs to be stressed. We know that a considerable portion of the supply of fabrics for industrial processing is distributed among the Union republics. Locally, in the recent past, the production of items which made it possible to achieve more impressive production volumes was being increased, instead of making bed linen or inexpensive clothing. The increased production of these goods contributed to a shortage of a number of needed items. Last year we put an end to this practice. Along with allocating supplies to the Union republics, we now also define the assortment of goods to be produced. And the situation at the market has improved markedly for the consumer.

Unfortunately, not all is well with the production of certain types of durable goods, specifically electrical appliances, radios and spare parts for them. While the production of these goods was satisfactorily with respect to overall volume, assignments were not fulfilled last year for the production of television sets, radios, refrigerators, washing machines, motorcycles and bicycles. Furthermore, this could not be attributed to objective factors in all cases, by far. Let me cite what I believe to be an eloquent example. A plant was built in Kirovskaya Oblast for the production of Vyatka automatic washing machines. The latest, expensive equipment was installed, and the enterprise was provided with raw and processed materials. The plant's planned capacity was 150,000 machines per year. During its first year, when production was being mastered (1981), it was proposed that the plan call for only half the rated volume. Taking into account the fact that this production was totally new and considering the difficulties involved in mastering the complex equipment, however, the planning agencies deemed it expedient to reduce the assignment. An exception was made, and the plan was set at 60,000 machines to accommodate the plant. An what happened? For the year it produced a total of ... 14,000 machines. The plant managers, with the active support of the Ministry of Machine-Building for Light and Food Industry and Household Appliances, began giving dozens of reasons for the failure, looking for someone to blame and citing "objective" difficulties. It was all due to the fact that they were unable to train skilled workers at the enterprise to operate the modern equipment, however, as a result of which it frequently broke down and went out of order.

Unfortunately, cases like this are not isolated incidents.

We know that in the middle of last year the CPSU Central Committee and the USSR Council of Ministers passed the decrees "On Steps to Increase the Production of Essential Goods During the Period 1981-1985 and to Satisfy More Fully the Population's Demand for These Goods" and "On Increasing the Production of General Consumer Goods, Raising Their Quality and Improving the Assortment During the Period 1981-1985." These documents essentially constitute a comprehensive program for the production of consumer goods, the need for which was discussed at the 26th CPSU Congress. The main task now set for industry is to increase primarily the production of goods of which there is presently a shortage, to greatly improve their quality and renew the assortment. USSR ministries and departments and Union republic councils of ministers have been issued for the current five-year period assignments covering the production of 54 specific general consumer

goods, production of which is to be increased to 22.8 billion rubles at retail prices. The output of these goods will increase almost 50 percent over the 1980 level.

Market supplies have been specified for each year of the five-year period for the 30 types of goods in greatest shortage. The production of color television sets and triple-channel loudspeakers will increase 2.3-fold, cassette tape recorders--2.2-fold, electronic watches--3.9-fold, motorcycle spare parts--1.5-fold, refrigerators with a capacity of 200 cubic decimeters and greater--1.7-fold, automatic and semiautomatic washing machines--1.6-fold, and orchard and garden implements--1.4-fold.

A total of 47.7 billion rubles worth of cultural and personal goods and household items alone will be produced this year, a growth of 3.4 percent over last year's figure.

Increased assignments were set this year for the production of 27 of the most popular items produced by light industry. Turkish towel production, as an example, will increase almost 10 percent, that of cotton thread spooled for the market--12.6 percent, knit underwear of cotton and mixed yarn--4.3 percent. Special mention should be made of the fact that a full supply of raw materials has now been provided for the production of those consumer goods in greatest demand.

In one of its articles IZVESTIYA wrote that many ministries and departments are utilizing fabrics made of natural fibers for industrial needs. Following publication of this article an interbranch program called "Zamena" and sponsored by USSR Gosplan, began to be implemented in the nation. What can we say about the results of this work? They are encouraging. Last year 62.5 million meters of cotton fabrics was released from industrial use, and another 72.4 million meters will now be added to the figure. All of the cloth conserved in this manner will be used for the production of essential consumer goods.

Unfortunately, some ministries and departments are continuing to use natural fabrics for industrial production purposes. The Ministry of Machine Tool and Tool Building Industry, as an example, annually uses 46.5 million meters of material in short supply for the manufacture of sandpaper. The Ministry of Chemical Industry uses 48 million meters of natural fabrics for the production of industrial rubber products and insulating tape. Valuable material in the tens of millions of meters continues to be used for the manufacture of textolite and varnished cloth or is used for filtering (fil'tratsiya) chemical fibers. In the "Zamena" program we attach great importance to increasing the production of non-fabric cloth. By the end of the five-year period its production for the replacement of natural materials now used for industrial purposes is to increase to 670 million square meters. By the end of the five-year period the total production volume for non-fabric cloth is to exceed 1 billion square meters.

It should be mentioned that perceptible advances are in evidence in this extremely important subbranch of light industry. Last year, for example, the newly operating Syktyvkar Non-Fabric Cloth Factory produced 95 million square

meters, exceeding its planned capacity. The enterprise plans to produce 123 million meters this year. And we need to bear in mind this important detail: It would take 12,000-15,000 workers to produce as much fabric, but the non-fabric cloth was produced by only 900 people!

The mastery of capacities at the same kind of factories is being completed this year in the Uzbek city of Pap and in Borislav in the Ukraine. This will help us considerably!

There would have to be some thought-up difficulties in this important matter as well, however. For example, construction was to begin this year on a needle-perforated (igloprobivnoy) cloth factory in the city of Kremenets, Ternopol'skaya Oblast. Local agencies have still not made a decision on the allocation of ground for its construction, however, and are setting more and more new demands for the client. I feel that it is unacceptable to handle the important matter in this manner.

The Soviet people thoroughly understand the objective difficulties of our economy. They are justifiably perturbed, however, when they have difficulty finding nails, thread, needles, axes and so forth. Gosplan is unquestionably partly to blame. It needs to be more strictly demanding of ministries and departments for the manufacture and distribution of such goods. What is the current situation? This year market supplies of such materials as plywood, commercial lumber, sawn goods and fiberboard panels account for only one to four percent of their production. Furthermore, even these meager quantities are delivered for sale to the population in an extremely unsatisfactory manner. Market delivery plans for lumber, cement, slate, structural glass, nails and soft roofing materials were not fulfilled last year. The shortage of certain goods is made worse by the fact that many of them are turned out in overly large bundles or packages, which artificially limits possibilities for satisfying the demand of the broad range of consumers.

A procedure should be established, by which the production of simple household items, goods for personal use and construction materials would be strictly coordinated with market demand in the appropriate Gosplan departments. The task is a simple one: to completely satisfy the population's demand for such goods. This requires neither capital investments nor the creation of new production facilities. We need only to distribute sensibly that which is already being produced.

I would like to mention the following in conclusion. For the second year in a row the newspaper IZVESTIYA has conducted the All-Union Competition for Best New Consumer Goods. Reviews of new items within the framework of this competition have been held in the Ukraine, in Moldavia, in the Baltic republics, in the Yakut ASSR and in Khabarovskiy Kray. In its articles on the competition the newspaper has raised a number of issues requiring close attention. We have been able to resolve some of them. Specifically, a new procedure for planning and recording output has been introduced this year, whereby the components for the

products are counted as consumer goods in the enterprise plan. This is a matter of basic importance. It makes it possible considerably to increase consumer goods production.

We have also correctly discussed the need to increase the production of goods in the highest quality category and index "N" goods. During the current five-year period it is planned to increase light industry's output of articles bearing the Emblem of Quality. The number of new items will increase 50 percent.

A number of articles have justifiably criticized the existing procedure for the long-term coordination of prices for new goods. It is our belief that the establishment of contracted prices for initial, trial shipments of goods which are specified in agreements between the USSR Ministry of Trade's main administrations and production associations, should be more extensively practiced. This would make it considerably easier for new products to find their way onto store shelves.

The Soviet economy is capable of more fully satisfying the Soviet people's demands for various high-quality goods. In order to do so, as Comrade L. I. Brezhnev stated at the November 1981 Plenum of the CPSU Central Committee, we need to work better. We need to compile better plans and to fulfill them better. We need to organize production better and to produce better.

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CSO: 1827/61

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### CONSUMER CO-OPS, STATE TRADE URGED TO IMPROVE SERVICE

Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Apr 82 p 17

[Article by O. Bogacheva, chairman of the Central Committee of the Trade Union of Workers in State Trade and Consumer Cooperatives: "The High Obligation of Workers in the Trade Sector"]

[Text] The best of the best representatives of Soviet trade and consumer co-operatives participated in the proceedings of the 17th USSR Trade Unions Congress.

Today they have all returned to their jobs in order to carry out the order of the congress to get things done immediately, without vacillation.

And the work force in the sector has a great deal to do. As Comrade L. I. Brezhnev said in his address at the trade unions congress, the more mature our society becomes, the more attention we can and must pay to the everyday needs of the workers--to everything that determines both man's well-being and his disposition. One of those mentioned was the sphere of services, in which trade is playing an ever growing role.

This January the CPSU Central Committee and USSR Council of Ministers adopted a decree entitled "On Measures To Further Develop Trade and Improve the Trade Sector's Service to the Public in the 11th Five-Year Plan." The trade unions, which are to take steps toward further development and improvement of socialist competition, toward popularization and application of the know-how of progressive workers, to pay more attention to the problems of ideological indoctrination, work training and ethical education, and to raising the level of culture, education and professional skill of trade personnel, have quite an important role in carrying out that decree. These requirements also follow from the decisions of the 17th Trade Unions Congress.

At the present time 96 percent of the work force in the sector is participating in socialist competition. They are working under the motto "We Guarantee a High Quality of Service"; they are catching up with the best collectives, 30 of which have been awarded challenge Red Banners of the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU and the Komsomol Central Committee for successful fulfillment of planning targets in the first year of the 11th Five-Year Plan and for a high level of customer service.

I would mention the following: the Vilnius Central Department Store, the food service combine at the Yaroslavl' Motor Plant, the Tsentral'nyy Store of the Leningrad trade firm Gastronom, the Chelyabinsk shopping center, the Kuvinskiy Rayon Consumer Union in Ferganskaya Oblast and the Riga Wholesale Trade Office were placed on the All-Union Honor Roll at the USSR Exhibition of Achievements of the National Economy.

Thousands of trade and food service enterprises, supporting the initiators of the All-Union Socialist Competition in 1982--collectives of the Moscow Central Department Store, the commercial kitchen of the Plant imeni Malyshev (Khar'kov) and the Kuvinskiy Rayon Consumer Union have taken up a labor watch and are preparing a worthy celebration of the 60th anniversary of formation of the USSR.

Self-service has become firmly established in urban and rural areas, new department stores and shopping centers have been built, the trade in goods, especially for children, is undergoing vigorous specialization and concentration, the network of restaurants and stores for custom orders of the public is being expanded, and more goods are being delivered to customers at home. The system of commodity distribution in which the customer does the packaging himself is being introduced. An effort is being organized toward comprehensive optimality of the trade network.

In his address at the trade unions congress Comrade L. I. Brezhnev spoke about shortcomings in the organization of trade and the food service industry, about the need to place these fields under a closer watch.

The USSR Ministry of Trade, Tsentrosoyuz, and the central committee of our own trade union are working on specific measures to eradicate the adverse phenomena in trade, to enforce strict order in adherence to the rules of trade, to put a resolute end to shady dealing with scarce goods, to strengthen public oversight over the operation of trade and food service enterprises, and to instilling in personnel a sense of responsibility for doing their job. In this area of ours there are still serious oversights, and this is having an essential impact on the quality of service to the public. Cases of rudeness, an inattentive attitude toward customers, of hiding goods away, of selling them to favorites, and sometimes even of speculation with such goods are arousing the public's righteous indignation.

Trade union committees are paying closer attention to everyday affairs; jointly with people's control agencies they are organizing announced and unannounced inspections at trade and food service enterprises. This effort has been well organized in the Ukraine, in Vladimirskaia Oblast. The successful effort of these trade union committees has been approved and widely supported in other republics, krays and oblasts. A regulation has been drafted and approved jointly with the trade union bodies of the USSR Ministry of Trade and Tsentrosoyuz on public control commissions and groups, which is undoubtedly invigorating the activity of representatives of FZMK [factory-plant local trade union committees] concerning the operation of stores and restaurants.



I repeat, there is no question about it, the quality of customer service, of a helpful attitude toward customers, is one of the most important indicators of the performance of trade enterprises. But the customer has to be given not only a smile, but also quality goods. For that reason the work force in the trade sector is paying particular attention to increasing the production of consumer goods. The presidium of the trade union central committee and Tsentrosoyuz board have approved and supported the initiative of the Belorussian cooperative people, who have committed themselves in the 11th Five-Year Plan to double commodity resources through their own production and purchases of farm produce.

Tsentrosoyuz has drafted a comprehensive program for increasing commodity resources in the 1981-1985 period. Foodstuffs worth more than 56 billion rubles, an increase of 1.3-fold over the last 5-year period, are to be obtained through purchases and the production activity of consumer cooperatives. Trade union committees have extended their oversight over progress in fulfillment of this program.

The competition for better organization of the feeding of animals with waste food at subsidiary enterprises of state trade and consumer cooperatives is undergoing further development. In the last 5-year period 740,000 tons of meat were produced--almost 2.5-fold more than in the Ninth Five-Year Plan. Advanced collectives and rayon consumer unions are meeting the needs of their restaurants for meat products from their own subsidiary farming operations and are also selling meat in the cities. This achievement has been accomplished by cooperative people of the Kuvinskiy Rayon Consumer Union in Ferganskaya Oblast of Uzbek SSR, the Yegorlykskiy Rayon Consumer Society in Rostovskaya Oblast and the Tonshayevskiy Rayon Consumer Society in Gor'kovskaya Oblast. Good results in meat production on their own subsidiary farms have been achieved by the collectives in state trade and consumer cooperatives of Uzbek SSR and Permskaya, Penzenskaya, Omskaya, Novosibirskaya and a number of other oblasts.

Trade personnel are making a definite effort to study consumer demand and to strengthen ties with industry. In the Ukraine, in Belorussia, and in Rostovskaya, Saratovskaya and a number of other oblasts coordinating councils have been set up to supervise competition in the framework of collaboration agreements.

The movement of start-to-finish work teams maintaining excellent quality has begun to develop in recent years. Today there are about 1,000 such work teams in the sector. The trade unions, as noted at the congress, must take a vigorous and authentic part in strengthening the work team method of organizing work.

Good results are being achieved in the competition between trade and industry by the collectives of the Leningrad Salyut Garment Association, the Moscow garment production associations Sokol and Yunost', the Tiraspol' Garment Factory imeni 40-Letiye VLKSM, and others.

But by no means all enterprises have achieved this kind of success. The rate of rejects and downgraded quality is still high at the Zaraysk Footwear Factory of the Moscow Production Association, the association Bashkirobuv', the Tula garment production association Chayka. Not all enterprises are fulfilling plans for production and delivery of goods to trade, and this is especially true of enterprises of RSFSR Ministry of Light Industry.

Enterprises in light industry and the textile industry of RSFSR, UkSSR, GSSR and AzSSR fell quite short in making deliveries. This is the fault of the economic organizations and trade union organizations in the trade sector. They still have not taken up a vigorous offensive position in the work with industry, and little is being done to make the competition under collaboration agreements more effective.

The targets of the 5-year plan present the work force of the trade sector the task of doing everything to intensify the sector and at the same time to further improve the quality of customer service. Given the country's manpower shortage, the growth of the labor force of the trade sector over the 5-year period will not exceed 1 percent, as against 7.7 percent in the past 5-year period. Trade union committees are now organizing competition among work collectives under the motto "Achieving the Entire Growth of Sales Without Adding Staff."

Competition has been organized for optimum use of equipment and machinery and for increasing the level of mechanization, the trade union central committee has studied and passed on the know-how of Zaporozhskaya and Chelyabinskaya Oblasts in reducing manual labor in the trade sector. Annual bonuses have been established for the effort to mechanize labor.

In the consumer cooperative system a comprehensive target program has been drafted for the 5-year period entitled "Reduction of Use of Manual Labor and Improved Use of Equipment," which calls for eliminating about 150,000 jobs involving manual labor.

But the level of mechanization is still low in the sector. About 2 million persons are employed at heavy loading and unloading work and auxiliary jobs. We are waiting for help from industry and research and project planning institutes.

About 2.5 billion rubles are allocated in the 11th Five-Year Plan to further improve working conditions. In stores, restaurants and depots approximately 800,000 square meters more of consumer service facilities will be equipped.

For a long time we were disturbed by problems in building housing for personnel in the trade sector, nursery schools, Pioneer camps and health facilities. Now those problems are being resolved more effectively. The work force of the trade sector is responding to the concern of the party and state with new achievements in its work.

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CSO: 1827/81

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### STEPPED UP LIGHT INDUSTRY CONSTRUCTION URGED

Moscow STROITEL'NAYA GAZETA in Russian 7 Feb 82 p 1

[Socialist obligations of initiators of the competition to speed up construction and reconstruction, activation and ahead-of-schedule attainment of production capacities at enterprises of light industry in 1982: "High Rates of Growth of Capacity of Light Industry"]

[Text] In 1981 the CPSU Central Committee approved the initiative of work collectives of USSR Mintyazhstroy [Ministry of Construction of Heavy Industry Enterprises], USSR Minpromstroy [Ministry of Industrial Construction], USSR Minstroy [Ministry of Construction], USSR Minsel'stroy [Ministry of Rural Construction], USSR Minmontazhspetsstroy [Ministry of Installation and Special Construction Work], and USSR Minlegprom [Ministry of Light Industry] to stage socialist competition to speed up construction and reconstruction, activation and ahead-of-schedule attainment of production capacities at enterprises of light industry in the 11th Five-Year Plan.

Implementing the decisions of the 26th CPSU Congress to further increase the well-being of the Soviet people, the participants in the competition have made a worthy contribution in the first year of the 11th Five-Year Plan to the practical realization of the long-range program for increasing the production of consumer goods. Progressive collectives of the Ukraine, Belorussia, Uzbekistan and Moldavia, which achieved high indicators in carrying out the plan and performance of socialist obligations to speed up activation of production capacities in light industry were accorded the greetings of Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee. In 1981 new capacities were built in the country for the production of 43,000 tons of cotton, woolen and staple yarn, 149 million meters of cotton and silk fabrics, more than 45 million pieces of knitwear and 39 million pairs of hosiery, and 1.6 million square meters of carpet. Collectives of enterprises of Minlegpishchemash [Ministry of Machinebuilding for Light and Food Industry and Household Appliances] contributed to this by fulfilling their obligations for ahead-of-schedule delivery of production equipment for projects near completion. Housing projects, dormitories, children's preschool institutions and facilities for cultural and consumer services were activated on schedule. Faster construction and debugging of new capacities at enterprises of light industry in 1981 will add tens of millions of rubles of consumer goods over and above the plan.

Guided by the decisions of the November (1981) Plenum of the CPSU Central Committee, by the principles and conclusions set forth in the speech of Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee at the plenum, the advanced collectives of construction and installation organizations and enterprises of USSR Mintyazhstroy, USSR Minpromstroy, USSR Ministroy, USSR Min-sel'stroy, USSR Minmontazhspetsstroy, and USSR Minlegprom, striving to mark the 60th anniversary of the formation of the USSR with new labor achievements, have adopted for 1982 socialist obligations to speed up the growth of capacity of light industry.

The initiators of the competition committed themselves to guaranteeing fulfillment of the assigned plan for contract work and the marketed construction product by 25 December 1982 for the sector as a whole. To activate 62 production facilities, including 28 ahead of schedule.

The socialist obligations call for the following:

i. for organizations of USSR Mintyazhstroy: to activate new facilities at the Kursk Footwear Factory 3 months ahead of the deadlines assigned, to put into operation ahead of schedule the second phase of the Aktyubinsk Primary Wool Processing Factory, facilities with an output of 990,000 pairs of leather footwear at the Orenburg Ural Leather Footwear Production Association and for 5,000 pairs of felt footwear at the Velikoustyugskiy factory in Vologodskaya Oblast;

ii. for organizations of USSR Minpromstroy: to put new facilities into operation a month ahead of the date planned--by 1 December--at the Kolomyia Curtain Factory in Ivano-Frankovskaya Oblast, for the production of 2 million articles at the Irkutsk Proletariy Knitwear Factory, for 15 million square meters of finished fabrics at the Mogilev Silk Fabric Production Association and about 16 million meters at the Shchekino Silk Combine in AzSSR; to put into operation ahead of schedule 500 looms at the Kobrin Spinning and Weaving Factory, more than 4,000 spinning spindles at the Yerevan Woolen Cloth Factory, capacities with an output of 1.4 million pairs of leather footwear at the Sterlitamak Leather Footwear Combine, 1 million pieces of headgear at the Khust Felt Factory in Zakarpatskaya Oblast;

iii. for organizations of USSR Ministroy: to put into operation before the 65th anniversary of Great October, nearly 2 months ahead of schedule, 828 looms at the Andizhan Cotton Combine, facilities with an output of more than 7 million square meters of finished fabrics at the Osh Silk Combine in KiSSR, to put into operation a month earlier than the planned date facilities with an output of 4,000 tons of flax fiber at the Panevezhis Flax Plant in LiSSR, with an output of 700,000 rubles at the garment factory in Kokhtla-Yarve in ESSR; to put into operation ahead of schedule 2,100 looms at the Bukhara Textile Combine and 400 looms at the Fergana Textile Combine, 2,236 looms at the Tiraspol' Cotton Production Association, facilities with an output of 1.5 million rubles at the garment factory in Chardzhou in TuSSR, and 1.42 million rubles at the Kurgan-Tyube affiliate of the Dushanbe garment production association;

iv. for organizations of USSR Minsel'stroy: reduction of the time for construction and activation by USSR Constitution Day 31 looms at the Ungeny Carpet Combine in MSSR, facilities with a garment output of 500,000 rubles in the Raseynyay garment production association Shatriya in LiSSR, deliver for operation 1 month ahead of the planned date the bleachery of the Gorodishche Finishing Factory in Vladimirskaya Oblast, 12,000 spindles at the spinning and weaving mill in Mangit in UzSSR, facilities with an output of 1.5 million pairs of leather footwear at the Andizhan Footwear Factory and with an output of 1.5 million rubles at the sporting goods factory in Khodzhabad in UzSSR.

Collectives of organizations of USSR Minmontazhspetsstroy have assumed increased socialist obligations. The collective of the trust Soyuzmontazhlegmash of that ministry, carrying on the traditions of labor collaboration with the collectives of construction organizations and enterprises of light industry, have committed themselves to achieving a high pace and quality in installation of manufacturing equipment at all light industry projects near completion.

The participants in the competition have decided to fulfill assignments for building apartment houses, dormitories, children's preschool institutions, vocational and technical schools and facilities for cultural and consumer services and to guarantee their activation and a high level of workmanship.

Performance of socialist obligations for ahead-of-schedule activation and attainment of rated capacities at enterprises of USSR Minlegprom will make it possible in 1982 to produce an additional 80 tons of cotton yarn, about 2 million meters of cotton and silk fabrics, nearly 7,000 pairs of felt footwear, 13,000 pieces of felt headgear, 900,000 rubles of sewn garments and other products of light industry.

The initiators of the socialist competition have appealed to organizations of USSR Gosstab, to collectives of machinebuilding enterprises delivering equipment, to all participants in construction of the enterprises of light industry to join actively in the competition to speed up construction and activation of projects in this sector on the principle of a "Worker Relay Race." They assured the CPSU Central Committee and Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee, personally that they are not sparing strength, work and energy to carry out the economic and social program worked out by the 26th CPSU Congress and are marking 1982, the anniversary year, with new labor achievements in building communism.

The socialist obligations have been adopted in general assemblies of the work collectives of construction and installation organizations and the enterprises of light industry.

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CSO: 1827/83

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### ROUNDTABLE HELD ON BETTER FOOD PROCUREMENT IN ESTONIA

Tallinn RAHVA HAAL in Estonian 9 Feb 82 pp 2-3

[Article edited by Jaan Ellen: "Growth Reserves of Foodstuffs"; boldface text indicated by slant lines]

[Text] The 26th CPSU Congress called for a comprehensive food program, and its compilation is currently underway. The program is designed to direct the entire work of agriculture--its supply branches, and systems concerned with procuring, storing, processing, transporting, and selling--toward a common aim--meeting our country's food needs.

Speaking of food, Comrade L. I. Brezhnev stated at the 1981 November plenary meeting of the five year period both economically and politically. Its solution lies in a rapid tempo of agrarian production."

Starting from such premises, the roundtable discussed how a rapid and constant growth of food production can be assured in our republic. The participants were Semjon Ellervee, chief constructor of the dairy development program of the Construction and Technology Bureau, ESSR Meat and Dairy Industry Ministry; Karl Kask, docent at the Tallinn Polytechnical Institute; Johannes Korv, deputy chairman of ETKVL [Estonian Union of Consumer Societies]; Johannes Kuttis, deputy director of the ESSR Planning Institute; Juhan Lumi, deputy chief of the ESSR State Planning Committee's agrarian section; Manivald Muuripeal, deputy chairman of the "Soprus" [Friendship] exhibition sovkhos in Harju Rajon; Roland Nymann, director of the Planning and Economy Administration, ESSR Agriculture Ministry; Hindrek Older, sector chief of the Estonian Soil Cultivation Institute; and Ervin Sannamees, first deputy minister, ESSR Meat and Dairy Industry Ministry. J. Kuttis started the discussion:

A novel aspect of the current five-year period is the fact that along with functional and territorial plans, there are several comprehensive programs to solve various specific problems of the national economy. A ministry and its agencies are tasked with functional planning; territorial planning is assigned to the soviets of certain areas. But comprehensive problems require joint efforts by many agencies, and regional administrations must be included. Many factors must be considered in compiling comprehensive programs.

The 26th CPSU Congress deemed further development of agro-industrial complexes to be vital. First, we should begin to use land more efficiently, and at the same time assure that basic resources, materials, capital investments and labor are used effectively. To assure an adequate supply of food, losses in procurement, processing, and storage have to be reduced. Several questions regarding the volume and quality of production as well as economic stimuli have to be answered in perfecting the agro-industrial complex.

#### More Grass Feeds

H. Older: It is harmful to cultivate yearly peaty soils, sandy and gravelly soils covered with a thin humus layer, and eroded soils. Organic substances in the soil decompose rapidly after cultivation and are subject to wind and water erosion. After as few as 5 to 6 years of intensive cultivation, such soils can be reduced to their mineral components, or else the peat layer has been reduced considerably. Such areas are better suited for grasslands.

Land should generally be used only for the purpose that it is best suited for. In areas where grain growing is unprofitable, grass can be grown for long periods. I was recently in the United States. There dairy herds are kept on the best land where corn, alfalfa, and grain grow well, and these lands are plowed annually. Where the soil is poorer, long-term pastures exist.

Grass-eating animals should be fed grain only to the extent that this is necessary to balance the feed ration with energy. To save more grain for human consumption, larger amounts of grass feed must be procured. Dairy cows should receive concentrated feed only when production is high. If all the 226,000 cows of our farms would be out on summer pasture and each would collect 55-60 kilograms, we could save 150,000 tons of concentrated feed and give that to the hogs.

To reach that point, good grazing areas must be established and maintained. This would be in full conformance with economic management principles---no mowing machines would be needed to harvest the grass, and no vehicles would be required to haul it to the stables.

R. Nymann: We could put herds of Hereford and Simmental beef on poorer natural pasture. In the summer beef cows do not require concentrated feed. At present we have Hereford cattle only on a few farms. Raising this type cattle should be stimulated by higher procurement prices.

J. Kuttis: Questions have been raised concerning the shaping of production infrastructure that are quite important for solving the food problem. In shaping the optimum infrastructure, scientists must prescribe tasks for the practitioners.

#### Conflicts Between Producers and Consumers

J. Lumi: Polemics have recently erupted concerning heavy beef and suet production. Does the consumer need it?



E. Sannamees: When we fatten the Estonian red beef, it grows fat under the skin. The black and white bull accumulates most of his fat between layers of meat. The more we feed the Estonian red cattle, the more it grows "white meat," i.e., the thicker the fat layer. Such meat is not suitable for semi-processing of sausage. We are forced to simply cut off some fat. We have marketed suet in small packages, but the consumer does not buy--we only sell 5-10 tons of it in our republic per year. The housewives use lard, not suet, for frying.

The procurement price of beef cattle should really be increased by 22-25 percent. Beef cattle carcasses consists of 62 percent meat compared to live weight, while in the Estonian red breed it is only 50 percent, as shown by EPA [Estonian Agricultural Academy] research. The former has substantially less fat and 4 percent more meat after bone removal. Thus the carcass of beef cattle is more valuable, and we obtain more soft tissue for sausage manufacture. Meat of beef cattle is marbled, and for that reason it tastes better.

R. Nymann: Procurement prices for feeding beef more efficiently should be higher.

J. Lumi: It is very important that beef prices should be considerably higher in early years of beef cattle raising; otherwise, raising this type cattle will not get underway.

K. Kask: Our diet contains too much fat, and this affects our health. Man needs meat, not fat. By feeding cattle, we obtain a high weight and lots of fat--a nutrient of the lowest physiological quality.

In stores, meat of different quality could be sold at different prices.

J. Lumi: Differences between producer and consumer would disappear if the premium paid on heavy cattle would be discontinued. Also, the procurement price of beef could be one and a half times higher than today's.

How to Avoid Losses?

M. Muuripeal: I think that up to 30 percent of potatoes are left in the ground. In the "Soprus" exhibition sovkhos, the "Ando" potato harvest was 9,000 kilograms per hectare. I personally gathered 350 kilograms from the field in 7 hours; most of that would have been suitable as seed.

J. Korv: Post-harvest gathering is being done reluctantly in many places. Perhaps interest would increase if enterprises were permitted to have their workers go over potato fields and gather unharvested potatoes for their personal animals. Fewer potatoes would be left in the ground, and country folk would get more food for their herds.

H. Older: Even during the individual farm era, grass was cut as low as the scythe would mow. Now we are saying that grass should be cut at a height of 8-10 centimeters. The stubble left by mowing machines is sometimes even



higher. It has been shown that because of the high cut 18-20 percent of hay is not gathered. In addition there are losses in gathering the hay. Field edges and areas along roads are left unmowed. We lose a part of the harvest by being late for the first mowing and part for not finishing the second one. Grass should be harvested in an earlier stage of development when protein, mineral and vitamin content is considerably higher than in late-harvested grasses. The quality of hay must improve. But the importance of silage will continue to be quite high.

We can observe similar developments in several countries with a highly developed husbandry.

Unfortunately, silage management in our republic is extremely poor. Last year we analyzed silage losses and deterioration in enterprises of Paide, Harju, and Tartu Rayons. Most disturbing is the fact that silage manufacture technology is being violated. Green silage has been poorly mixed (wetter material is intermixed with drier one), finished silage is contaminated with dirt and gravel, silage preservatives have not been added uniformly. Sometimes the raw material has been left on the field for a long time and has deteriorated even before reaching storage.

In the future, steps must be taken to increase the amount of dry material in grass feeds. On the one hand, this will provide for greater shelf-life; on the other, taste would be improved and the amount of roughage in animal feeds would increase.

Many silos are in such condition that ground water seeps into them. For this reason the bottom 60-70 centimeters of silage is unusable; cattle do not want to eat it. In some facilities the walls are porous; there are also often cases when precipitation can seep in from the top. We have built quite spacious and good stables, but considerably fewer decent feed storage facilities. In order to establish them, even the volume of stable construction could be reduced.

K. Kask: The lack of good storage is one of the reasons why we plant few vegetables; vegetables receive too much nitrogen fertilizer. The enterprise raising vegetables is not fully responsible until it reaches the consumer. It can happen that large harvests of carrots are gathered, but the carrot is watery and does not last longer than a couple of months. If the sovkhos would also store the carrots, then it would not use excess fertilizer.

J. Korv: Procurement prices do not always stimulate the production of better products. The difference in price between table and industrial potatoes is small; the price does not stimulate the growing of good potatoes.

K. Kask: If a housewife buys a kilogram of potatoes in the store, only half of it reaches the pot, only 350 grams in March and April. The day after the potato is boiled, it is unsuitable for eating, since it has turned blue. Every fall I buy potatoes from a country family at 20 kopeks a kilo. That potato tastes good, losses are only 15-20 percent in peelings. That potato has been grown in soil fertilized with manure, not mineral fertilizers.

J. Lumi: In reducing losses of grain, potatoes, and vegetables, the farmer needs considerable help from industry. The same combine harvests in Kazakhstan, Altai, and the Baltic area, even though harvests are different. The most recent "Golos" combine has two threshing drums to increase throughput, but at the same time the shakers are shorter by one meter, so that many seeds are falling to the ground.

H. Older: Usually 200 kilograms of grain is left per hectare after the harvest, i.e., more than were planted in the spring. When the hectare yield is 500-750 kilograms and the season is dry, then most of the harvest can be gathered with present machines. We need a combine that could harvest a higher yield without losses. We also need better machines to work the grass-lands. There are fewer people left in agriculture but in the summer there is much work to be done. This makes the need for powerful machines and efficient technology all the more acute.

#### Perfecting Planning

J. Lumi: Enterprises are often given large hog production quotas. But if there is not enough feed for all piglets, then part of it will be used merely to sustain life, and thus the daily growth increment will be small.

By chasing after a large number of animals, we are placing ourselves in a difficult situation in poorer years. The less feed we devote to raising and maintaining an animal, the more meat and milk can be produced. If we had a feed reserve, we could feed the animals decently even after a poor year.

R. Nymann: Beginning with 1982 the enterprises will themselves plan how much grain and potatoes to raise and how many animals to keep. But the enterprises do not know how much concentrated feed they will actually receive from state sources in the new year.

J. Lumi: The enterprises know what the annual quotas of concentrated feed are. But it is not known whether additional concentrated feed will be available.

R. Nymann: In the ESSR, feed and labor expenses per production unit are lower than in other federal republics, and the milk production per cow is the highest. We have good reason to continue to produce dairy products more cheaply. In our republic we have about a million hectares of arable land, that cannot be increased markedly. Of course, irrigation work must continue, but it is even more important to maintain the already-existing drainage systems and to gather the maximum harvest from these areas. We cannot feed all the animals grown in our enterprises with our own grain and concentrated feed. In better years we can only produce the necessary grain for cattle feed. Feed for hogs and poultry must be imported from other republics. If we receive it at the right time in needed quantities, we will be able to meet the tasks for farming posed for the 11th Five-Year Plan.

J. Lumi: If our own or bought concentrated feed is not available, the growth rate of hogs will remain small or nonexistent. The farmer's work will

then be wasted. If we must haul a lot of concentrated feed from afar to the enterprise, it will not result in the desired growth rate.

R. Nymann: There is no sense in raising a piglet if it can be seen that it won't gain much in weight.

H. Older: Milk and beef production depends largely on how much pasture we reserve for every cow. Experience has shown that planned amounts of grass feed amount to only 70 percent of the physiological requirements of the cattle. Work of the enterprises is evaluated on the basis of grass feed plan fulfillment. But this does not show how much grass feed per cattle unit was given in one or another farm.

R. Nymann: Beginning this year we will examine how much grass feed per head has been procured in every enterprise, rayon, and the republic. This indicator should give a better overview of how herds have been provisioned for the winter.

The fulfillment of all plans is largely dependent on the persons who work immediately on field and farm. There are ever fewer tractor operators and herd raisers. Better care should be taken of these people. Otherwise, the prestige of country living cannot be raised. In some poorer enterprises, cows are milked by seasonal labor. If all enterprises do not have a constant and sufficient labor force, then meeting tasks becomes difficult. For example, where there are fewer than 10 tractor operators per 100 hectares of arable land, 1000 fewer feed units per arable hectare are produced compared to enterprises where there are more operators. There are many unsolved questions regarding typing labor to the country and the social development of the village.

Are We Cutting the Branch on Which We Are Sitting?

J. Lumi: Milk and beef production depends directly on herd restoration. Here there is a whole chain of problems. Our average cow gives birth 3.5 times; its lifetime milk production will thus be small, and we do not get many heifers per cow. There are so few heifers, that we cannot leave only the best but we will also have to begin raising a cow that will obviously have low production. Since calf death rates are high in some enterprises because of poor feeds and housing, not enough of them are left to be brought up for veal purposes.

K. Kask: The trouble is that calves are not fed properly and are not cared for sufficiently. Sometimes they are fed dirty or mildewed hay. It seems that the enterprises of the Procurement ministry could do more to maintain the milk cows. Carbamide is good when it is distributed among feed in sensible quantities and uniform manner. If, however, too much of it is placed in one spot, then the cow's liver is shot. For this reason personnel of feed plants should always be careful to assure that not too much carbamide is included in some particular feed lot.

E. Sannamees: The young herds from the very beginning receive insufficient concentrated feed, green feed and dry hay. We have little starter feed to restore the herds. The feeding of milk and beef cattle is considered to be the most important task.

H. Older: Usually, the premise is that the best feeds should go to the dairy herd. Perhaps there is no other way to manage milk production. But the young herds need just as good or even better feeds, since it will grow into the dairy herd of the future.

#### Greater Returns!

M. Muuripeal: The kolkhoz and sovkhos are interested in greater revenue from sales. Money is needed everywhere for intensifying production and improving the life of the country fold. During the last couple of decades enterprises have received much money from the state. Unfortunately, we must say that the money has not been expended wisely and economically everywhere; production has grown less than expenditures. I have asked specialists how a new machine costs. Often they do not know. Apparently, we have not learned how to count money or reckon our expenses. We do not know exactly whether we ourselves have been lavish with money, or whether the kolkhoz construction agencies and EPT have taken excessive funds from the enterprises. Conservation should become a more important factor in establishing conditions for socialist competition.

J. Lumi: We must not forget that the machines used by the farmer are more expensive than previous ones. Unavoidably, this will be reflected in production costs.

E. Sannamees: Sometimes rather new implements are dropped by farms and enterprises from the inventory, or are left unused, since some repair part is unavailable. Why can't we overcome the parts shortage? Plants attempt to make as many parts as are needed to make new machines. If the plant would receive 50 percent more money for selling a spare part than for making a part for a new machine, then there would be interest in building them.

M. Muuripeal: Even if the price of a spare were twice as high as that of a part built into a machine, the farmer would win. Sometimes a tractor or a combine is idled for a long time because some part is missing. Hundreds of kilometers are driven to find the part; gasoline and time are wasted. In emergencies, parts are made in enterprise shops. Before a part costing a couple of rubles is found, ten and hundreds of rubles are wasted.

S. Ellervee: Production costs rise also because the non-productive part of construction is becoming more expensive. Apparently there is justified dissatisfaction with the "Estonian Kolkhoz Construction" in the countryside, since it is not interested in building cheaper edifices.

R. Nymann: The "Estonian Kolkhoz Construction" collective constantly receives more contracts for building in towns; its work volume has decreased in the countryside. For this reason enterprises have been forced to organize their

own construction brigades and to search for materials. It is necessary that the "Estonian Kolkhoz Construction" increase its work in enterprises, but especially needed are residential facilities in rural areas.

J. Lumi: Another problem regarding expenditures: I do not agree with those who claim that labor productivity in our agriculture is already sufficiently high. Only 2.7 head of cattle and 11 hogs are kept in our enterprises per agrarian worker. We have built spacious stables for animals, where one person can care for many animals. But we do not count how many people serve this caretaker indirectly. Thus there has arisen an erroneous notion of high labor productivity. Many people in the countryside have been left outside actual production because of inept management, planning and auditing.

R. Nyman: Now there are even plans for separate accounting of production derived from drained lands and of milk and meat costs produced in large farms. For that end the number of information gatherers must be increased both in statistical agencies as well as in farming enterprises.

J. Lumi: Here there is a wide field for thorough research by economists and sociologists. We do not have the right to spend human energy and time needlessly.

J. Kuttis: A higher level of management presupposes more extensive data, this is an unavoidable feature of the times. There should be more procurement of tabulotop computers to master the processing of increased data in the segments of production. In the center, data processing has been practically automated; there is no need for additional hirings there. Generally, we must attempt to manage in this sector with the least number of persons.

Honor Conservation!

K. Kask: Have we determined how much each of us needs food? To be sure, the diet should be varied. But we do not respect potatoes and vegetables that have a high nutritional value and are needed by the organism.

I think that town people could also grow much more fruit and vegetables. For that purpose idle areas should be more vigorously subdivided into small garden lots. Along the railroads there is also quite good land that is currently unused. I am sure that many people of Tallinn and other towns would be willing to cultivate it. So that garden products can be preserved through the winter, gardening cooperatives could establish common warehouses. We can see in many cooperatives that the first energy goes to building a house that is later often vacant, while there is much less attention paid to the garden. The gardening cooperatives should have the right to take land away from members who do not use it productively.

E. Sannamees: Housewives find that cleaning vegetables at home is a nuisance. This is why we eat so few vegetables even when they are available in sufficient quantities. We need to establish a plant that delivers cleaned vegetables to stores. Waste products from such enterprises

can be more easily transported to farms than can kitchen waste from homes. Second, preparation of food would reduce the toil of housewives.

J. Jumi: The price difference between ordinary food and delicacies should be much greater. This would also be an incentive for selling higher quality foods.

M. Muuripeal: Propaganda for correct nutrition is often one-sided. If a new product is put on sale, then it must be introduced to the people thoroughly. In recent months there has been much talk in the press, radio, and television how waste food could be collected as animal feed. But there has been much less talk about how to reduce waste foods. I think that a more thorough consideration must be made on how to avoid using bread as animal feed. After all, bread should be for human consumption.

J. Korv: I think that a smooth collection system for vegetable and potato waste collection should be established in towns. In this way, even more animal feed could be gathered than is currently being done by collecting waste bread.

Conservation propaganda must instill in both the producer and the consumer the wish to reduce food waste in the home. If we recommend that people throw all of their waste bread into boxes placed in hallways, there might arise a notion that no bread is wasted. But we must not forget the labor expended in making the bread.

J. Kuttis: Presumably all participants agree that a successful solution of comprehensive problems requires that they be thoroughly understood. The brainstorm at the roundtable has given rise to several ideas; their implementation might not be applauded immediately, but they do deserve thorough examination. The drafting and realization of the food program requires a creative attitude on the part of everyone connected with it.

Here we did not have time to talk more of people producing field and farm products. What should be done to improve working and living conditions of country people and what valuable experiences and what weaknesses have been observed in that area will be discussed by the roundtable in the future. At the same time, the editors are awaiting suggestions on how to establish a steady and strong labor force in agrarian enterprises.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### DEVELOPMENT OF USSR'S FOOD, VEGETABLE INDUSTRY

Moscow EKONOMICHESKAYA GAZETA in Russian No 13, Mar 82 p 2

[Interview of N. T. Kozlov, USSR minister of fruit and vegetable industry:  
"Development of the Country's Food and Vegetable Complex"]

[Text] [Question] Nikolay Timofeyevich, what tasks were placed before the USSR Ministry of Fruit and Vegetable Industry at the time of its formation, what enterprises and organizations have become part of its system?

[Answer] The broad program of further improving the people's well-being outlined by the 26th CPSU Congress encompasses the most diverse sides of the life of the Soviet people. But the task of providing the population with foodstuffs is in the foreground under present-day conditions.

"For the purpose of a radical solution of the problem," Comrade L.I. Brezhnev stated, "it was found necessary to work out a special food program. It must ensure a significant increase in the production of agricultural products. It must link up more closely agriculture with sectors engaged in the storage and processing of its products. And, of course, with trade. In other words, its aim is to solve the problem in the shortest time possible of an uninterrupted supply of produce to the population."

A concrete step in this direction has been the creation on the initiative of Comrade Brezhnev of the USSR Ministry of Fruit and Vegetable Industry. Today it unites 3,200 sovkhoses, 400 canning and other processing enterprises and as many fruit and vegetable bases and offices, 7,500 specialized stores for the sale of fruit and vegetable produce as well as a number of motor-transport and packing enterprises, construction and scientific-research organizations.

The relative share of the system in the total production volume of fruit and vegetable products in the country's public sector comprises 43 percent, in their procurement at all categories of farms--55 percent, in deliveries to all-union stocks--50 percent, in production of fruit and vegetable canned goods--78 percent and in trade--40 percent.

Due to the dedicated labor of the sector's workers under the difficult conditions of last year, procurement of potatoes compared to 1980 increased 22 percent, fruit--23 percent and grapes--9 percent. During this period, the production of fruit and vegetable canned goods grew 5 percent.

[Question] Tell us about the developmental prospects of the fruit and vegetable industry.

[Answer] It is important to point out that with the participation of the councils of ministers of union republics and interested USSR ministries and departments, a complex program was worked out for the development of the fruit and vegetable industry and strengthening of the economies of associations, enterprises and organizations within the system of the USSR Ministry of Fruit and Vegetable Industry.

Realization of the designated measures will make it possible to increase by 1985 over the average yearly level of the 10th Five-Year Plan state purchases of vegetables by 30 percent, fruits--by 42 percent and production of fruit and vegetable canned goods--by 49 percent, including those for children's nutrition --by 2.1-fold. In this time there will be built vegetable, fruit and potato storage facilities for 2.1 million tons of simultaneous storage, more than half of which to be at production sites, hothouse combines of glass-covered ground on 1,160 hectares, three plants for the production of packaging supplies made of polymer materials. The pool of motor-transport enterprises is being supplied with 2,800 refrigerators, and the specialized-trade network is being expanded.

[Question] Has all this been done on the organizational plan, and how do you think the structure of the ministry's system should be organized?

[Answer] The party's Central Committee is paying special attention to improvement of the structure of the agroindustrial complex and to the need of implementation of measures for the further improved combination of sectorial and regional principles of management, coordination of the operation of sectorial and local organs in regard to the solution of developmental problems of the national economy.

In this connection, special attention should be paid in the structure of management to the creation of rayon and city subdivisions which would assume the entire responsibility primarily for deliveries of products to all-union stocks and for supplying the population with fruit and vegetable produce. We believe that in the general scheme of management of the fruit and vegetable industry, the following principles will have to be realized:

--in rural rayons with a developed fruit and vegetable industry, it would be advisable to create rayon production-sale associations that would include enterprises for the production, storage, initial finishing of products and procurement and other subdivisions connected with their processing, packing and shipment to all-union stocks and industrial centers;

--in industrial rayons with intensive agriculture it is necessary to create associations that would include large suburban sovkhoses and hothouse combines, fruit and vegetable bases, processing enterprises and a specialized trade network.

In such large cities as Moscow, Leningrad, Kiev, Gor'kiy, Sverdlovsk and others, it would appear that there should function wholesale-retail combines, that is



large fruit and vegetable bases for the storage and finishing of products with a network of specialized stores;

--in krays and oblasts, there should be created unified oblast and kray agro-industrial associations whose task would be to manage their primary subdivisions as well as organizations of the oblast and kray level, such as large transport and packing enterprises, canning plants and bases for storage, sorting and packaging.

It should be noted that in many rayons with large commodity production problems at the rayon level have still not been solved; in some cases canning plants were found without a raw-material base, that is, fruit sovkhoses and fruit-crop nurseries. Certain scientific-production organizations whose work fully corresponds to the ministry's profile were not included in our system. We hope that proper organs will examine and resolve these problems.

[Question] An improvement of supply to the population of fruit and vegetable products large depends on the growth of their production and able organization of storage. How are these problems being solved by the Ministry of Fruit and Vegetable Industry?

[Answer] The main thing is, while utilizing the natural conditions of the country's different zones, to produce as great a quantity as possible of fruit and vegetable products with the lowest outlays. In this connection, the efforts of the sector's workers are primarily concentrated on raising the yield of vegetable, fruit and berry crops, increasing gross production through improvement of breeding and seed growing, nurseries and the introduction of progressive technologies for the cultivation of crops at a high level of mechanization of labor-intensive processes.

The accumulated experience in specialization and concentration of vegetable growing and horticulture on the farms of Moscow, Leningrad, Sverdlovskaya, Donetskaya, Kiev, Rostovskaya, Minskaya and a number of other oblasts attests to a high level of organization of production and a significant reduction of outlays of labor and resources per product unit. Exemplary, highly efficient work today is to be found, for example, at the sovkhoses of Berestovoy in Donetskaya Oblast, Zaokskiy in Moscow Oblast, Volgo-Don and Lebyazh'ya Polyana in Volgogradskaya Oblast, Ogonek in Tashkentskaya Oblast, Gigant in Alma-Atinskaya Oblast and many others. These farms yearly sell to the state from 30,000 to 50,000 tons of high-quality produce.

Furthermore, work on specialization and concentration should be combined with a higher level of agrotechnology and proper use of fertilizers, in a word, with the intensive use of each hectare of land.

At the same time, it is important not only to produce more produce but also to supply it to the consumer at a high level of quality. In this connection, special importance is to be attached to work aimed at improvement of preservation of the harvest.

Experience show that it would be advisable to concentrate at places of production storage of the greater part of fruits, vegetables and potatoes and to initially process them there; this will make it possible to eliminate shipping along of dirt, trash and nonmarketable produce to sale centers, to reduce the need for transport and packing materials and to decrease peak loads in the use of the work force. At Sadovod Sovkhoz in Krasnodarskiy Kray, for example, two refrigeration facilities have been built with capacities in excess of 3,000 tons and a number of other storage structures. The stores of the country's large cities receive regularly, practically the whole year around, fresh fruits and berries. The possibility of working on processing of produce throughout the entire period of storage has reduced pressure on the work force at the time of harvest, since it is no longer necessary to engage in sorting, packing and shipment of all the produce at once.

The many years of experience of this and many other farms confirm that storehouses, refrigeration facilities, bases and enterprises for initial processing of the raw materials should be built at the locations of mass production of produce. In this connection, it goes without saying, the development is not excluded of refrigeration and warehouse services in the large industrial centers and capitals of the union republics. Here the capability of appropriate structures should be adequate both for the storage of fruits and vegetables of domestic production and for the storage of produce purchased in other countries.

But it is not enough to have a sufficiency of structures for produce storage; it is also necessary to arrange for their efficient operation involving the use of mechanization and automation equipment. Unfortunately, some vegetable bases and storage facilities lack elementary conditions for productive labor; the produce placed in storage is mechanically turned over to trade. Of course, there is a shortage of machines for sorting, washing and packing today, and it is not possible to get by without the use of manual labor under the existing circumstances. But a lot could be done in mechanization of labor-intensive processes by the personnel themselves of vegetable and fruit storage facilities and patron industrial enterprises.

[Question] How will processing of fruit and vegetable produce and its sale be developed?

[Answer] Making available to the population of fruit and vegetable produce the whole year around largely depends on the level of development of the processing industry. This sector significantly is reducing losses of vegetables and fruits and is expanding assortment and creating new forms of food products. The capacities of the ministry's processing enterprises put together more than 10 billion conventional cans per year. But they are used inadequately. The requirements of the population for fruit salads and several other types of canned products are not being completely satisfied.

During the 11th Five-Year Plan it is planned to have the production of fruit and vegetable canned goods reach 11 billion conventional cans. This problem can be fulfilled only with the proportional and coordinated development of raw-material zones and capacities of processing enterprises.

Results of the operation of the numerous army of workers of agriculture, procurement and transport workers and other categories of personnel of the agro-industrial complex large depend on the organizational level of trade. Today, unfortunately, many cases are to be found where fruit and vegetable produce of good quality does not entirely reach the buyer. This is to be explained by the fact that trade personnel have created a practice for which they are not solely to blame of not shipping in fresh fruits and vegetables before the complete sale of those which are still on sale. As a result the quality of produce is reduced both in the stores and at fruit and vegetable basis. We shall eradicate such an insidious practice. On the whole, the specialized trade network will be expanded through the construction of new, well-equipped stores that take into consideration the specific character of fruit and vegetable produce.

[Question] What is being done to reduce losses in bringing produce to the consumer?

[Answer] In order to eliminate losses, it is first necessary to know what techniques and equipment are required for the cultivation and harvesting of individual crops and for their transportation, processing and sale. In this instance we shall be able to place the necessary orders with machine building.

Regulating documents will be of aid in more correctly determining requirements for packaging and transportation and in utilizing them more effectively. It is no secret that the time spent on loading and unloading work and even of locating produce en route frequently exceeds existing norms. It must be said that it would be unfair to solely blame the transport people for losses of produce on railroads and highways. First and foremost, our specialists must set up an intelligent connection between suppliers and consumers and definitely know how long certain fruits or vegetables can remain en route without losing their quality and what kind of packaging is required for this.

Finally, working out and introduction of production charts according to types of produce, that is, overseeing all the operations for a given product from field to store, will make it possible to exercise more effective control over the course of supply to the population.

[Question] Successful solution of the task of improving supply to the population of fruits and vegetables is connected with the operation of other ministries and departments. What should be done for the coordination of their work?

[Answer] We must maintain broad and reliable contacts especially with ministries of agriculture, the food industry, trade, procurement, railways and agricultural and tractor machine building and the State Committee for Selkhoztekhnika, as well as the Central Union of Consumer Societies and a number of others. Effectively operating ties have already been established along many directions of production and administrative activity. But the conditions of operation require their constant improvement and expansion.

For example, in the sovkhoses turned over to the ministry there are to be found both animal husbandry and fodder production. They grow various industrial and grain crops. Inasmuch as the Ministry of Agriculture has a broad

network of scientific and other organizations, it would not be advisable to create similar services within our system. At present work is going on on the organization of servicing of farms turned over to the ministry and of corresponding services of the USSR Ministry of Agriculture. On the other hand, the Ministry of Fruit and Vegetable Industry can and should provide farms of other ministries with seed and planting materials.

The workers of the enterprises and organizations of the Ministry of Fruit and Vegetable Industry did a good job of preparing for the spring sowing, and they will apply all their efforts to improve the supply of fruit and vegetable produce to the population.

7697

CSO: 1827/71

# CONSUMER GOODS PRODUCTION AND DISTRIBUTION

## STATE AND COOPERATIVE TRADE RETAIL GOODS TURNOVER LISTED

Moscow VESTNIK STATISTIKI in Russian No 12, Dec 81 pp 51-73 (excerpt p 66)

[Text]

6. Retail Goods Turnover for State and Cooperative Trade Including Public Eating, Number of Enterprises in Retail Trade and Public Eating in 1980						
	Retail Goods Turnover		Retail Trade Enterprises (at the end of the year)		Public Eating Establishments (at the end of the year)	
	Millions of rubles	Per Capita, Rubles	Number of Enterprises	Per 1000 People	Number of Enterprises	Per 1000 People
USSR.....	270,547	1,019	695,240	26	302,855	11
In particular for the cities:						
Alma-Ata.....	1,310	1,371	1,899	19	1,017	10
Ashkhabad.....	380	1,169	645	20	331	10
Baku.....	1,608	1,016	3,700	23	1,713	11
Vilnius.....	907	1,823	680	14	596	12
Gor'kiy.....	1,651	1,208	2,095	15	1,307	10
Dnepropetrovsk	1,273	1,151	1,600	14	1,036	9
Dushanbe.....	602	1,178	905	17	596	12
Yerevan.....	1,197	1,130	1,858	17	1,165	11
Kazan'.....	1,166	1,158	1,400	14	1,114	11
Kiev.....	3,428	1,544	3,113	14	2,054	9
Kishinev.....	973	1,810	944	17	640	12
Kuybyshev.....	1,335	1,078	1,640	13	1,225	10
Leningrad.....	7,118	1,528	6,825	15	4,690	10
Minsk.....	1,978	1,490	1,381	10	1,180	9
Moscow.....	18,779	2,304	10,141	12	8,042	10
Novosibirsk...	1,445	1,064	1,448	11	1,187	9
Omsk.....	1,133	1,072	1,480	14	1,225	12
Odessa.....	1,359	1,277	2,112	20	1,168	11
Perm'.....	1,101	1,083	1,123	11	1,129	11
Riga.....	1,581	1,868	1,781	21	990	12
Sverdlovsk....	1,603	1,259	1,613	13	1,319	10
Tallinn.....	885	1,953	781	17	625	14
Tashkent.....	2,071	1,124	3,151	17	1,775	10
Tbilisi.....	1,301	1,192	1,947	18	1,268	12
Ufa.....	1,093	1,083	1,359	13	898	9
Frunze.....	639	1,167	736	13	563	10
Khar'kov.....	1,866	1,266	2,192	11	1,619	11
Chelyabinsk...	1,247	1,161	1,437	13	1,169	11

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### KISHINEV CANNERY PRODUCES FREEZE-DRIED JUICES

Moscow TRUD in Russian 21 Apr 82 p 4

[Article by V. Spivak]

[Excerpts] The Kishinev Canning Complex in Moldavia celebrated the 10th anniversary of the operation of its industrial plant for processing freeze-dried fruits and vegetables. The plant's products were used by Soviet climbers who scaled Mt. Everest.

L. Bantysh, director of the Moldavian Scientific Research Institute of the Food Industry, said: "Today the advantages of freeze-drying are well-known."

"Over 10 years we have mastered the production of 12 types of products," says V. Tretyakov, superintendent of the Kishinev Canning Complex's freeze-drying shop. "The volume of output has increased from 10 to 18 tons without our having expanded capacity." He said that in 1982 20 tons of output are planned and that facilities will be expanded as well.

CSO: 1827/97

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### TBILISI FOOTWEAR FACTORY'S GOODS CONSISTENTLY SUBSTANDARD

[Editorial Report] Tbilisi KOMUNISTI in Georgian on 13 March 1982 page 2 carries a 1200-word article by L. Kinkladze about the problems of the Tbilisi Footwear Factory, which has consistently had to pay huge fines when its goods are rejected as substandard by the trade network. The causes are, basically, two: One, suppliers' deliveries of materials are late and sporadic, necessitating the unhealthy practice of last-minute "storming," and the materials themselves are often shoddy. Two, quality control at the factory has been lackadaisical; the technical quality control chief was fired by the Light Industry Ministry.

6854

CSO: 1813/731

## CONSUMPTION TRENDS AND POLICIES

### EQUILIBRIUM BETWEEN PRODUCTION, CONSUMPTION DEBATED

#### Shortages and Economic Mechanism

Novosibirsk EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO) in Russian No 2, Feb 82 p 73

[Text] The party and government are paying a great deal of attention to the problems of balanced economic development. Speaking at the 26th CPSU Congress, Comrade L. I. Brezhnev emphasized once again that plans at all levels must be unconditionally realistic and balanced. The decisions of the congress state: "Achieve the dynamic and balanced development of the USSR economy as a unified national economic complex and the proportional growth of all its sectors and of the economy of the union republics."

The two articles published below are in fact devoted to the problem of balance--one of the most crucial problems in our economy.

The authors of the articles work in different fields of economic science: V. D. Belkin (Moscow), professor and doctor of economic sciences, is concerned with macroeconomic model building and the balance of the national economy; V. I. Zorkal'tsev (Irkutsk), candidate of economic sciences, is concerned with the problems of fuel supply. Independently of one another they have come to relatively similar conclusions concerning the various aspects of imbalance and shortages and their adverse effect on the national economy.

The articles are being published for the purposes of discussion.

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## Shortages Called Social Evil

Novosibirsk EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO) in Russian No 2, Feb 82 pp 74-83

[Article by V. D. Belkin, doctor of economic sciences, professor, Economics Institute of the USSR Academy of Sciences, Moscow: "Commodity-Money Balance, Its Role and Supply Problems"]

[Text] The documents of the 26th CPSU Congress and decrees of the CPSU Central Committee and USSR Council of Ministers on the problems of planning and the economic mechanism (July 1979) referred to the problem of balance as one of the principal ones. The following aspects of balance can be identified:

- i. between production and its supply of materials;
- ii. between output and its use for production, nonproductive consumption and accumulation;
- iii. between accumulation and capital investments;
- iv. between capital investments and capacities;
- v. among capacities, labor resources and output;
- vi. between the needs for imported products and exports generating foreign exchange.

Balance also has characteristics which are a function of time. The interval over which it is achieved is important: It is one thing when needs are met on time, and something else when they are met after a delay.

Consistency between money income and its material coverage is the most important aspect of balance. The balance between money and goods, important in itself, is in our view the first cause of almost every other type of balance, just as imbalance in this area results directly or indirectly in imbalance in many others. I. S. Malyshev, a man well-versed in the Soviet economy who worked for long years as first deputy chief of the USSR Central Statistical Administration, pointed out this fact in his time. In a book of his which was published posthumously I. S. Malyshev wrote: "The disproportion which up to now has had the most adverse effect on the course of expanded reproduction in our economy is when the sum total of money in circulation (in the form of cash, but equally in the form of credit) exceeds the sum total of physical resources in circulation. When there is a relative shortage of physical resources by contrast with money and financial resources, the problem of improving product quality becomes insoluble. Regardless of quality the product is snatched up by the consumer without specific deliberation, since otherwise he risks not getting it at all. Aside from that, disproportion between the circulation of money and the circulation of physical goods has an extremely unfavorable effect on the course of reproduction. The absence of physical coverage of personal money income signifies a slackening of financial motivation

and, along with other adverse consequences, it inevitably results in a drop of rates of labor productivity. The absence of the physical coverage of the money allocated to capital construction and to finance current production costs inevitably disrupts the plans which have been adopted and introduces an element of disorganization into the course of the production process."\*

In the years that have passed since the book of I. S. Malyshev we have quoted came out the adverse consequences of commodity-money imbalance have intensified. They have deepened because freight traffic has come close to the traffic capacity of the transportation system, so that the maneuverability of resources is restricted. Imbalance between commodities and money and the attendant tendencies toward self-sufficiency in relations in the economy have also brought about adverse phenomena in investment policy such as construction of jack-of-all-trades enterprises which are technically imperfect.

According to widespread opinion labor power is the scarcest resource. Yet according to certain data it is underutilized 10-12 percent in the industrial sector. In our view that estimate should be taken as the minimum. The unevenness with which industry operates is especially manifested in the nonuniform rate of output during the month. Not uncommonly as much as three-fourths of the output at enterprises is produced in the second half of the month. And that means that at such enterprises labor power is at least one-third underutilized. Idleness resulting from late deliveries of raw materials and supplies are one of the most important reasons for this. This problem is still more acute in construction. Such stoppages are not the fault of the workers, and the time is therefore paid for, and this in turn accentuates the imbalance.

But in both industry and construction this kind of imbalance is implanted in the plan in advance. For instance, the plan of the USSR Ministry of Construction for 1979, compiled on the basis of declarations by customers, was 6,945 million rubles, while the actual production capabilities of that ministry envisaged by the development plan were 5,903 million. That same plan failed to allocate materials in the amount of 200 million rubles. As a rule more funds are allocated to new construction projects than to projects near completion. In the first case trenches have to be dug and foundations laid, and in the latter case the more laborious and materials-intensive operations of installation and finishing have to be performed. Given the disequilibrium, commodity-money relations are disrupted, and there is less motivation to achieve punctual and adequate satisfaction of those with whom one does business. Which accounts for the desire of enterprises to guarantee themselves the maximum possible independence of suppliers by virtue of their own production of components, containers, and so on. The production of articles of this kind at enterprises not specialized in their manufacture has an adverse effect on their quality and in turn on the quality of the end product as well. The imbalance supplies the motivation for inefficient combination and concentration of production in many cases. S. A. Kheyman, doctor of economic sciences, was right

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\* Malyshev, I. S., "Vazhneyshiye problemy sotsialisticheskogo vosproizvodstva" [The Most Important Problems of Socialist Reproduction], Moscow, Ekonomika, 1966, pp 21-22.

when he wrote: "The principal prerequisite for energetic use of improved organization to augment production is that plans be balanced...."\*

Measures taken in recent years in the field of management and planning, especially the transition to assessment of enterprise performance according to the degree of fulfillment of product deliveries envisaged by contracts, were supposed to overcome the tendency toward self-sufficiency.

Imbalance has an adverse effect on many links in scientific-technical progress. When effective demand requires that the product be produced as fast as possible to meet both production and nonproduction needs, the possibility of shutting the enterprise down for technical improvement and reconstruction is greatly diminished.

When effective demand for a product has not been satisfied, there is no incentive to master new products and produce them, and that accounts for the reluctance to use the results of R&D in production.

It is not difficult to ascertain the causes for the imbalance between effective demand and the supply of goods, which has grown in recent years. Between 1976 and 1980 the wage fund and also payments and benefits from social consumption funds increased 28 percent, remuneration of the work of kolkhoz members increased 30 percent, and at the same time the industrial production of consumer goods increased 21 percent and retail sales 22 percent.

When there is an imbalance, the trade sector is less exacting as to the quality of goods delivered by industry, and that has an adverse effect on the efficiency of social production and in turn deepens the imbalance. According to the available data, in spite of the markdowns, every year the trade sector has goods worth 3-4 billion rubles for which there is no demand.

Sometimes a shortage is created literally "out of nowhere." For instance, in the 1978-1979 period there was a shortage of outdoor and indoor thermometers because of the shortsightedness of officials of different departments--Minpribor [Ministry of Instrumentmaking, Automation Equipment and Control Systems], Minzdrav [Ministry of Health] and Mintorg [Ministry of Trade]. In 1979 the order of the Ministry of Trade for outdoor thermometers was only 76.2 percent filled, and its order for indoor thermometers 71.6 percent. It is evident that the producer takes this as a normal situation since even for 1980 the Ministry of Instrumentmaking, Automation Equipment and Control Systems plans to increase the production of thermometers by only 0.8 percent.

In his speech at the November (1979) Plenum of the CPSU Central Committee Comrade L. I. Brezhnev pointed out that this kind of situation occurs for a whole number of other goods--medical drugs, soap, washing powders, toothbrushes, needles, diapers and other products of light industry.

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\* Kheynman, S. A., "Organizational and Structural Factors in Economic Growth," EKO, No 6, 1980, p 78.

When shortages of a number of commodities becomes the rule, if there is the slightest risk of above-allowance inventories of some commodity outside that group, the producer feels himself entitled to take any steps to avoid that risk, including a reduction of its policy and service life. Moreover, these measures may prove to be superfluous, since the shortage has been built (de facto) into a pattern and acts to create it are for all practical purposes not punishable. Those responsible for the shortage do not even suffer a moral loss.

The story of the electric light bulb can serve as an example of this: This was when the Ministry of Electrical Equipment Industry, in agreement with the USSR Ministry of Trade and the division of USSR Gosplan for the electrical equipment industry, undertook to shorten their service life, that is, a deliberate deterioration of quality, in order to expand sales and increase the load on the capacities of light bulb plants. The shortage of light bulbs that resulted did not result in any punishment for these departments (an official correspondent concerning it was conducted in the press). The neglect of the consumer's interests is also indicated by the paradoxical fact that (during the shortage) there were 2.6 million bulbs in the Moscow warehouses of the Ministry of Trade!

An imbalance reduces the size of the national income and deflects its physical composition (or, more accurately, the makeup of the final product) from the optimum mix and consequently reduces the efficiency of social production. The methods now used to determine efficiency make it possible to take into account the influence of an imbalance only with respect to reduction of the size of the national income, which is not the whole story.

The balance and proportionality of the final product (an indicator close to the national income) are determined by the degree of correspondence of the structure of the product to the structure of effective demand. When the public does not have an opportunity to acquire for its income products conforming to the pattern of its demand, it and also the enterprises, kolkhozes and budget-financed organizations are compelled to consume a portion of production according to the pattern offered, though it does not fully satisfy its needs. The influence of the balance and proportionality of the final product on the efficiency of social production can be taken into account with coefficients that reflect the level of correspondence of the pattern of the effective demand of the public, enterprises, kolkhozes and budget-financed organizations to the pattern of its physical counterpart.

The adverse effect of an imbalance is not limited to the economy proper; it affects almost all spheres of the life of our society, and it specifically restricts the possibility of realizing those basic socioeconomic rights envisaged by the USSR Constitution, it has an adverse effect on moral and ethical principles and standards of behavior of the citizens of our country, as set forth in the CPSU Program, and it creates a fertile soil for crime. As noted by R. Lokshin, deputy division chief of USSR Gosplan, "the resale of scarce goods creates conditions for redistribution of income between population groups without the state being involved."\* It should be said that this is not

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\* PLANOVoye Khozyaystvo, No 9, 1979, p 93.

the only form of that kind of redistribution; the forms of speculation are extremely diverse. In addition to the "conventional form" (the buying of goods and their subsequent sale at a higher price), there are many others.

Because of the large-scale motorization, for example, there has been an extensive spread of such an almost unpunishable form of speculation as sale at a higher price of scarce services, especially at service stations, when in addition to the official payment to the cashier, customers regularly tip the mechanics for doing the job quickly, for doing it well, for taking pains, and so on, that is, for normal performance of their assigned duties.

A waiting list is required to obtain a sizable portion of scarce goods and services, which not only means that the consumer loses time, but it also provides soil for a kind of speculation--both punishable (resale of the back-order cards and adding to the waiting list for scarce goods) and also unpunishable (information on the waiting period).

It is nothing other than speculation to sell goods in a package with a fictitious service. For example, when scarce parts or assemblies are not available in the stores, but there is a supply in various repair shops, the owners of radios, television sets and motor vehicles can obtain them by making an additional payment for fictitious repairs and installation.

The phenomenon of the shortage of goods and services has become virtually the pattern and has even extended to health care. A few years ago medicines in the cardiological group, including such medicines as validol and valerian, which were not scarce at all in the country at large, were not shipped to a number of cities along the Volga. The reason for this was that their shipment from the manufacturing enterprises was somewhat more expensive in small lots than in large ones. For a number of years there has been an "eyeglass shortage," as well as a shortage of batteries for hearing aids, the demand for which was satisfied at only 50 percent in 1979.

The conclusion from what we have said is obvious: The consequences of the commodity-money imbalance have grown beyond the boundaries of the economy and have become a great social evil. In ranking the goals and tasks of economic development for the immediate future, then, attaining and maintaining balance should be put in the first place.

As we know, the national economic plan is the leading link of the economic mechanism of an advanced socialist society. In order to guarantee balance it must be compiled on the basis of the money income of the population, enterprises, kolkhozes and the state. This in turn will mean that it is oriented toward the final results of the national economy.

In the context of commodity-money relations social needs to be satisfied take the form of effective demand, which is determined by the amount and makeup of income. A principle of planning to that effect has already been adopted, if only formally, for light industry and the food industry. A specific decree has envisaged that the production plan in these sectors be compiled in accordance with the orders of the trade sector, which presupposes correspondence to

the effective demand of the public. But this principle is not applied with respect to raw materials and supplies for light industry and the food industry, nor indeed for other sectors, which nullifies its effect in the final stage of production. This is possible because the procedure for the trade sector's filling out of orders is established in such a way that the production plan of light industry and the food industry is compiled without giving them due consideration.

Compiling the plan according to orders of the consumer and effective demand does not at all mean that money income can be established arbitrarily. Its increase should be planned insofar as there is a growth of commodity resources. But at present it is above all a question of covering income already paid out and also savings put aside to purchase goods, that is, effective demand that has already been formed.

The role of the planned balance of the economy should be enhanced in order to guarantee the balance and proportionality of the economy. It should be accorded the status of a plan at the upper level and should be discussed and adopted like the state budget. Unless there is balance at the upper level of the national economy, balance cannot be achieved in any of its major subdivisions either.

Orientation toward income in compiling a plan presupposes that this principle is followed above all in working out the planned balance of the entire national economy. To that end it should include detailed financial balances indicating income and its material coverage (final product). The decree of the CPSU Central Committee and USSR Council of Ministers dated 12 July 1979 called for compiling both multiannual and also current financial balances at all levels of planning. Balance between money income and its material coverage, not only as a whole, but also by types of income and commodity groups, must be recognized as an unconditional attribute of the plan. Working out a detailed balance of personal money income and personal expenditures for the entire national economy, union republics and economic regions takes on an especially important role.

At the present time this balance is worked out for the population as a whole, but it is indispensable to compile it also by groups of families differentiated with respect to the sociodemographic principle and level of income.

Though deferred effective demand is rather large,\* the extensive economic potential which the national economy possesses makes it possible to hope that the transition can be made to a balanced economy in a relatively short period of time.

Along with planning, other units in the economic mechanism, the price mechanism in particular, also have very great importance to carrying out any major

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\* According to certain estimates, it goes as high as 50 percent of the sum total of balances of individuals in savings banks, which at the beginning of 1980 was 146.2 billion rubles ("SSSR v tsifrakh v 1979 g." [USSR in Figures in 1979], Moscow, 1980, p 194).

economic measure, including the stable balance of the economy. Until recently almost no consideration was given in our press to its use for such purposes. Only in 1979 in connection with the change of prices of goods for which there was an urgent demand did N. T. Glushkov, chairman of the USSR State Committee for Prices, refer to this use of the price mechanism as one adopted reluctantly, but necessary.\*

In our view the use of prices to guarantee commodity-money balance should not be regarded as an extraordinary measure. The only important thing is that compensation be made to the relevant social groups of the population for the higher prices of certain goods by increasing their income or by reducing prices on other goods.

USSR Gosplan is above all the body called upon to solve the problem of commodity-money balance. Another institution which by its very nature should have an interest in this is USSR Gosbank and its local offices which actually carry out credit and cash plans. The compilation and implementation of plans of this kind is envisaged by the current bylaws of Gosbank. Gosbank has also been granted the power to suspend the credit financing of enterprises which build up above-allowance stocks of raw materials and supplies or build up finished products for which no market has been guaranteed. It is obvious that this restriction plays an important role in maintaining balance. To carry out the cash plan in spirit and not just in letter Gosbank must take care to see that industry and the trade sector furnish the relevant departments and regions the commodity coverage of income and return of the proceeds into the cash drawer of Gosbank.

It is indispensable that functions of this kind become the basis of Gosbank's activity and also that it have broader opportunities to exert its influence. Gosbank is a nationwide economic entity, it is free of departmental and local interests, and that is why it is advisable to make maximum use of it in solving the problems under consideration here

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#### Scarcity's Impact Called Universal

Novosibirsk EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA (EKO) in Russian No 2, Feb 82 pp 84-94

[Article by V. I. Zorkal'tsev, candidate of economic sciences, Siberian Energy Institute of the Siberian Department of the USSR Academy of Sciences, Irkutsk: "Anatomy of a Shortage: Questions Without Answer"]

[Text] In recent years there has been a reduction in the country's operating fuel stocks, disruptions in the operation of industrial enterprises and transport have become more frequent, and in some places restrictions have been placed on the sale of coal to the public. The fuel shortage is one of the

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\* PRAVDA, 1 July 1979.



reasons for disruptions of power supply to a number of cities in the European part of the USSR in the winter of 1978-79. Much attention is being paid to the problem of the fuel shortage by party and economic authorities and by the mass media; it is also taking on an ever greater role in scientific research in the energy field. It is becoming necessary to evaluate the consequences of the fuel shortage (for example, in order to reckon the loss to consumers if distribution of fuel and power resources is optimized), to determine the causes engendering it, to study the mechanism of its occurrence and to work out recommendations for overcoming it.

In taking up the individual problems related to the fuel shortage you involuntarily come to the idea that it is inherently impossible to combat bottlenecks in the economy effectively if you operate solely from the standpoint of some particular sector. The shortage is a problem of the entire economy, one which is closely bound up with other peculiarities of the present economic mechanism. Solving it will probably require specific research and broad discussion of measures. The purpose of this article is to take up certain individual aspects. Why is it advisable to study the shortage in a comprehensive way? How significant is its role in economic life? Finally, how can we explain the existence of a large number of bottlenecks in the national economy?

#### The Advisability of a Comprehensive Study of the Shortage

"And there's no devil either?"

"No devil either...."

"Oh, but this is really interesting," the professor laughed, "it seems no matter what you need at this place of yours, it doesn't exist...."

From the conversation at  
the Patriarchs' Ponds.  
M. Bulgakov  
"The Master and Margarita"

In addition to fuel, a shortage has been observed in our country of many types of raw materials, equipment, consumer goods, certain foodstuffs and also manpower. It is quite natural to assume that certain forms of scarcity are interrelated and have a common cause.

The Spread of Scarcity From One Phase of Production to Another. The shortage of some resources not infrequently brings about a shortage of others. We speak of the fuel shortage as a whole because the individual types of fuel are interchangeable within broad limits. This interchangeability is especially broad in generating electric power by changing the pattern of fuel consumption at power stations and mainly by redistributing loads among them.

A shortage of fuel impedes operation in generating electric power and thermal energy, in metallurgy, in machinebuilding and in other sectors of the economy.



At the same time, it can also be explained by the existence of bottlenecks in other links of the economy--the insufficient traffic capacity of main transportation routes, the shortage of pipe for gas pipelines, the shortage of timber props for underground mines, or by the fact that machinebuilding enterprises are filling only 80 percent of equipment orders for fuel ministries. But the latter can in turn explain the shortage of their products with equal ease.... That is why there is every justification for regarding the scarcity of technologically interrelated resources as a single problem.

Shortages of Consumer Goods, Manpower and Means of Production Are Interrelated and in Large Part Interconnected. Let us examine some of these connections.

The shortage of manpower intensifies the shortage of means of production and the shortage of consumer goods. The shortage of manpower is one of the reasons for underutilization of production capacities, including capacities at enterprises manufacturing scarce products. Production capacities are not utilized when there is no one to run them. Job vacancies also have an adverse effect on people. The opportunity that is always there to transfer to another job, sometimes with a higher wage, can be regarded as one of the reasons for a drop in work discipline, workmanship and labor productivity. Enterprise directors have been forced to reconcile themselves to poor workers (there are no others!) and moreover to hold onto them.

The shortage of workers is intensified by the shortage of goods and is at the same time accompanied by an increase in effective demand; striving to hold and attract workers, their wages are quite often increased. In recent years the rate of increase has been greater than the rise of labor productivity or the growth of production of consumer goods. For instance, in the 1976-1980 period wages rose 16 percent, while the volume of output of consumer goods rose only 14 percent.

The shortage of consumer goods has an adverse effect on labor productivity, which can be regarded as one of the causes of the inadequate volume of output and also as one of the causes of the manpower shortage. Given the shortage, the effect of material incentives is also distorted and weakened. As a rule the worker is not motivated by money alone, but by the goods which he can obtain with it.

Large losses of manpower occur because of personnel turnover and migration of the population, the principal reason for which, the sociologists say, lies in the inadequacy of housing and cultural and consumer services.\* After all, in selecting a job a man takes into account not only the wage, but also a host of other factors: the supply of goods, the availability of housing, nursery schools, and so on. It is not uncommon for people to take jobs temporarily in order to obtain goods or benefits they need. The interests of production are sometimes lost behind the problems of supplying the goods and benefits which are scarce.

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\* Kocherga, A., "Problems of Regional Planning of the Prosperity of the People," PLANOVYE KHOZYAYSTVO," No 2, 1979.

The Effect of the Shortage of Means of Production on the Scarcity of Manpower and Consumer Goods. The inadequate output of goods is not infrequently explained by the shortage of production resources. Shortages in developing the industrial sector in the first subdivision not uncommonly are offset by excessive use of workers. Many workers are employed in auxiliary production, since the use of power tools has been inadequately developed. For instance, because of the lag in development of centralized power supply in Tyumenskaya Oblast, a huge army of expensive manpower for which there is an acute shortage in that area are attending small diesel power plants: One worker in three in the northern part of this oblast is a power plant operator. The low level of mechanization in construction causes extensive use of manual labor whose productivity is low: More than 200,000 persons are working in this sector with a shovel. This in turn is one of the causes for the low quality of construction work and for its high cost.

So, given the conditions that exist, it is no longer possible to consider alternative versions of future development without taking labor resources into account, and the latter problem cannot be considered aside from the supply of scarce goods and benefits to the public. Attempts to overcome the shortage of goods and benefits by expanding their production not uncommonly prove unsuccessful because of the shortage of physical and labor resources. That is why there is every reason to look upon the different forms which scarcity takes as a single set of problems.

#### Consequences of Scarcity

Scarcity is presumably one of the central economic problems at the present time. At present it is not selection of the optimum variant that is the principal goal of planning authorities, but obtaining a version that has at least elementary balance, since just like an operational economic activity, especially in supply, it not uncommonly comes down to devising extreme measures to overcome the critical situations that are constantly arising because of the shortage of fuel or raw materials at enterprises, because deadlines are missed for deliveries of equipment, or because of a lack of spare parts. A sizable portion of the population is disturbed by the search for scarce goods.

But even though scarcity is ubiquitous, it has not become a topic of thorough and comprehensive research in the economics literature. The consideration of the individual sectoral problems and even of such a large problem as the manpower shortage cannot yet be regarded as a broad discussion. Aren't the consequences of scarcity already substantial enough for a study to be undertaken seriously and broadly?

As a rule individual resources comprise only a negligible portion of the production cost. That is why it is not uncommon for the cost of some product that was not produced because of the shortage of some resource to be higher than the cost of that resource by an order of magnitude.

Sometimes these kinds of consequences of scarcity can be evaluated quantitatively in the form of a cost expression of the loss. In 1979 one of the enterprises of USSR Minkhimprom [Ministry of Chemical Industry] halted deliveries

of sodium sulfide--the production operation had become out-of-date, and they had closed it down. For the USSR Minkhimprom this meant a reduction in the volume of production in value terms by 35,800 rubles. But it cost the plant using this chemical compound as a raw material in making a leather tanning agent 2.64 million rubles, and the loss at the leather plant that stood idle was 23 million rubles. Still larger losses should be expected in footwear factories and in the trade sector. And what are the losses of the public?

Losses are unwisely distributed because of the shortage of them. Formally all consumers have equal rights to obtain the scarce products. These rights are reinforced by their financial capabilities and technical-and-economic computations and are sanctioned "from above" (for example, in the form of allowances or stock). The problem arises of who should be given how much? The practical solution of this problem depends on many factors: the energy of directors and supply people, the enterprise's social weight, personal connections, geographic proximity to the center, the size of the fund for official travel, etc. But it is clear that optimum distribution certainly cannot be guaranteed by the mechanism of lines, much less by that of personal connections.

Not only are scarce resources distributed unwisely, great efforts are also expended on this. In such a situation it is indispensable for every enterprise that its supply people get in the fight for resources, but this is of no benefit to society as a whole, since their enormous efforts to "beat a shortage" by no means contributes to its disappearance. The folly of this struggle causes great moral damage.

To a considerable degree enterprise directors also make vain efforts to hold and attract manpower. And what are the losses of human energy and health resulting from store lines?

A shortage gives people a motive to build up excessive reserves and conceal them. The principal reason for the latter is that an enterprise's prestige and the income of its workers depend on fulfillment of the plan. The easier the plan, the more room left in it, the easier it is to fulfill. The shortages of raw materials, fuel, manpower and equipment are arguments often used in the effort to reduce planning indicators. And conversely, in order to increase the reliability of fulfillment of planning targets enterprises are forced to strive to obtain a maximum of scarce resources as a reserve--there might be a sudden need for them! It is never too late to renounce what one does not need. This phenomenon is often accompanied by unwise use of resources and the building up of stocks beyond what is necessary, and that in turn increases storage costs and storage time, so that the product spoils. In the national economy there has been a drop in the rate of turnover of working capital, and as a consequence the rates of economic development are dropping.

Scarcity detracts from product quality. Since consumers are competing with one another to obtain the resource, the supplier dictates the conditions. He is "so good" as to confer on consumers a product of low quality. This contributes to a situation in which certain instruments and incentives in effect at the present time encourage the producer first of all, often to the consumer's detriment. If you don't want it, don't take it, someone else will. For

example, it is no accident that the fuel shortage is accompanied by a sharp drop in the quality of coal.

An analogy can be drawn here with the trade sector and the quality of service. When there are a large number of customers with money, and there is a shortage of good-quality goods, then the majority has to be satisfied with poor goods. And that in turn can even create the illusion of a high demand for poor goods.

Centralized methods of management to the detriment of economic initiative and commodity-money relations intensify the bottlenecks in the economy. The shortage of resources encourages self-sufficiency; that is, transforms economic relations in the direction of a barter economy. What but a shortage could motivate machinebuilding plants to obtain metal with their own "small-scale" metallurgy, industrial enterprises to produce foodstuffs, cutting one's own timber, and so on. Advanced forms of product exchange are being replaced by simplified forms (resource allocation, distribution of allotments, direct barter,\* waiting lines, the card system), which holds back the process of division of labor and has an adverse effect on economic development as a whole. Centralized methods of distribution and of management by means of physical indicators and specific technical-and-economic solutions are taking the place of the necessary initiative and economic independence of enterprise directors.

Is there a shortage of constructive attributes? One of them was noted back in 1926 by V. V. Novozhilov:\*\* When there is a shortage, all available resources are fully drawn into the production process. But even this characteristic is a doubtful virtue, since the full employment of resources when there is a scarcity is accompanied by their unwise utilization. For example, full employment of labor resources in production may be accompanied by a deterioration of their use because of low work discipline and shortage of equipment and supplies. This is, of course, by no means a complete list of the consequences of scarcity. We have not mentioned here, for example, the social and psychological consequences, including speculation, special allocation, and inequality in real personal income. The consequences of scarcity extend far beyond the boundaries of a sector. It seems that scarcity is a serious phenomenon that needs thorough study.

#### Possible Explanations of the Causes of Scarcity

Scarcity touches upon the interests of many people, which is why there are a multitude of opinions about its causes and methods of combating it. We will examine some of them.

\* Cases of widespread exchange of equipment, spare parts, and supplies directly between enterprises are given, for example, in the following articles: "An Awl for a Bar of Soap" by V. Cherkasov (PRAVDA, 20 May 1980); "A Scarce Part" by D. Novopolyanskiy (PRAVDA, 8 July 1980) and "People Who Know What They Are About" by Yu. Shchekochikhin (LITERATURNAYA GAZETA, 3 September 1980). Not infrequently this exchange involves a violation of laws: stocks of materials that have no direct relation to production activity are built up to be used for exchange; unrecorded inventories are kept; and income is realized on another basis than work.

\*\* VESTNIK FINANSOV, No 2, 1926, p 21.

In any case specific individuals are at fault. There is always someone at fault in a disorder, be it a large one or small, it is just not always easy to find him. If there is no milk in a store, then it is quite probable that it occurred either through the laxity of the storekeepers or because a loader was not available or because of the poor operation of the trucking firm, or because of the dairy, or because the yield was low, but even then someone was at fault. When a shortage is universal, explanations of this kind must lead to a gloomy conclusion that the nature of man has been corrupted and irresponsibility and mismanagement have become standard behavior.

In conditions of scarcity certain objective possibilities arise or a reluctant attitude toward work (for example, because of the shortage of workers and the opportunity that always exists to move to another job). But it is also important that when there is a general shortage of resources it is difficult to assess the directions in which they can be used most efficiently and needs have to be restricted subjectively.

In and of itself scarcity is a potential source of new charges and counter-charges. One can come to this conclusion by summarizing the statements by individual business executives on the problems of the subdivisions entrusted to them. For example, previous heads of the pulp and paper industry called the shortage of wood the principal reason for nonfulfillment of the plan, but the USSR Ministry of Timber and Lumber Industry referred to transport difficulties as the principal reason why they did not make deliveries of their product. While there was a large shortage of timber and lumber, stocks covering several years built up at places where they are produced since they could not be hauled away. The Ministry of Railways in turn has serious charges to make against the shippers, pointing to the large volume of unwise shipments, including shipments of timber.

The spread of scarcity from one link in the economy to another can ultimately bring about a still greater growth of the scarcity at the beginning of the production chain.

Scarcity is intensified by a poor product: durable goods and equipment wear out more quickly; larger amounts of raw materials, fuel and foodstuffs are required. For example, the now frequent cases of incomplete delivery of electric power to consumers are largely explained by reduction of the reserve of generating capacities: Between 1975 and 1979 they dropped from 6 percent to 3 percent of installed capacity (while the standard is 16 percent). This detracted sharply from the quality of power. Whereas in 1975 on the average electric power systems operated with low voltage in networks one-seventh of calendar time, while in 1978 they operated in this fashion more than half of the year. The loss from reduction of the quality of power is estimated at 1.5-2 billion rubles a year. This in turn substantially (10 percent according to estimates of specialists) increased its losses in networks, which is equivalent to a loss of about 5 million tons of standard fuel.\* Thus the drop in the quality of electric power intensified the shortage of both electric power itself and also fuel.

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\* PLANOVoye KHOZYAYSTVO, No 1, 1979, p 8.

Scarcity also increases as a result of deferment of demand to the future. In 1980 the supply of goods faced not only the sum total of personal money income in that year, but also income which had not been previously spent. The total amount of balances in savings banks alone grew from 18.7 billion rubles to 150 billion rubles between 1965 and 1980; these rates are several times greater than the growth of real income. The effect of an accentuation of scarcity through reduction of stocks is more typical of enterprises: Reimbursement of that reduction has to be provided for in orders for the coming year.

Thus there are many forms whereby scarcity intensifies itself or, to use scientific language, whereby scarcity has accumulative effect. It penetrates deeply into all the pores of economic life and into people's psychology. But still this is not the cat that walks alone. It did not fall out of a clear sky!

Can scarcity be explained by the contradiction created by the fact that social needs have been increasing faster than the capabilities of production? This contradiction is the source of economic development. In that case can the adverse aspects of scarcity be regarded as the price to be paid for progress? The limited nature of the economy's capabilities has to be manifested in some fashion, and what is wrong about its being expressed directly in a shortage of resources and benefits? But such deep-thinking explanation is erroneous. This error in explaining the shortage of goods was noticed and criticized in 1926 by V. V. Novozhilov. But it is still very much alive, though it is usually not expressed in such an abstract form.

In this case we are not dealing with an absolute shortage, but with a relative one. A shortage is a lack of resources and benefits to meet needs considered to be necessary in the economic relations that prevail. The public's need for goods is by and large regulated by effective demand. The needs of enterprises and organizations are limited by their financial capabilities and planning decisions, including allotments issued for particular types of resources. Jobs become vacant only because more of them are being created than workers are being trained.

Thus the reason for formation of bottlenecks lies in the economic mechanism; it is sluggish in bringing economic capabilities into line with socially recognized needs.

Of course, a certain effect can also be achieved by carrying out the proposals that follow from the local sectoral approach to the problems of scarcity: by expanding individual production operations by virtue of additional resources and by making effective use of those that are available. But it turns out to be difficult to implement such measures in the context of scarcity. Not infrequently this technological escape from the old bottlenecks engenders new ones. To be specific, this is why scarcity is so amazingly resilient.

If the cause of scarcity lies in the economic mechanism, then probably a fundamental solution can be achieved only by improving that mechanism. Many proposals about combating bottlenecks in the economy have been made precisely from these premises. We can include among them increasing the administrative

accountability or financial motivation of enterprise directors. Certain authors count on such possible results of a change in the system of planning as a more successful selection of planning indicators; increasing the internal consistency of national economic plans; increasing the volume of undistributed reserves in plans; changing the technology of planning, for example, giving up the round of applications, or using computers.

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## CONSUMPTION TRENDS AND POLICIES

### TRADE DISCOUNT DIFFERENTIALS EXPLAINED

Moscow SOVETSKAYA TORGOVLYA in Russian No 3, Mar 82 pp 16-18

[Article by M. Bakanov, professor and doctor of economic sciences, and T. Shemet, assistant at the Soviet Trade Correspondence Institute, Moscow]

[Text] In the report address of the CPSU Central Committee to the 26th party congress Comrade L. I. Brezhnev emphasized that one of the principal tasks in the coming period is to raise the level of quality of management of the economy by improving the mechanism for controlling economic processes and for creating the conditions of the optimal and most efficient functioning of all sectors of the economy.

An important condition for the optimum functioning of the trade sector is to solve the problem of trade discounts, which is above all bound up with establishing their average socially necessary level that ensures coverage of distribution costs and optimum profitability on the particular goods and commodity groups. The ways of solving this problem have been elucidated in the specialized literature. But in our view it is not enough to establish average levels of the discounts by commodities and groups. It cannot be ignored that the trade discounts must also take into account differences in conditions for the conduct of economic activity: in the delivery of goods, in their storage and sale, in the location of the trade enterprise (organization) in its size, its specialization. The question naturally arises: How should the system of trade discounts take into account the objective conditions that engender differences in the level of costs of organizations and enterprises trading in exactly the same goods? In other words, what kind of mechanism for differentiating trade discounts would guarantee normal conditions for operation and development of the physical plant and equipment of any trade enterprise or organization?

We should note that the size of the trade discounts set by USSR Goskomtsen [State Committee for Prices] does take into account the unequal operating conditions of organizations and enterprises to a certain extent. For instance, the trade discounts on nonproduction goods are differentiated by the location of the retail trade organization (urban area, rural area, remote and mountain areas, the Far North and equivalent areas). Trade discounts on foodstuffs are distinguished by greater differentiation. For instance, in addition to the geographic criterion, discounts on many foodstuffs differ from one trade



system to another (ORS [worker supply division], prodsnab [office of food supply for workers and employees] and voyentorg [trade establishment for military personnel]; cost-accounting (khozraschet) food service organizations and enterprises; all other organizations and enterprises) and with respect to certain other criteria.

There is no question that this kind of differentiation has great importance, but it is extremely limited, since the actual operating conditions of trade establishments and stores are very different within a single city, not to mention the oblast or larger areas. This is confirmed by the data of an experimental study we made of levels of distribution costs by commodity and by commodity groups in 150 stores of 10 promtorgs [organization for trade in manufactured goods] in Moskovskaya Oblast.

Different levels of profitability occur in trade organizations because of fluctuations in the level of costs for one and the same commodity group, and this ultimately predetermines unequal opportunities of trade establishments to motivate store personnel, to expand the trade network, to equip it with the implements of labor, and to make deductions from profit into the state budget. The shortcomings of the system of trade discounts can be overcome if a mechanism is applied in practice which differentiates them more severely. Levels of distribution costs for commodities and commodity groups and the optimum profitability should be the basis of the differentiated trade discounts. In and of itself this would eliminate the need for the widely practiced and sometimes mechanical redistribution of trade discounts from one trade establishment or store to another.

Usually the redistribution is made according to actual data on the final financial results for the quarter or the year. The principal purpose of this operation is to put individual cost-accounting trade units in the black, which is done by simply taking a portion of the profit away from highly profitable stores (for example, narrowly specialized stores selling carpets, electrical goods, jewelry, furniture) and transferring it to stores which are losing and have sales of 10,000-15,000 rubles per month. The size of the "subsidies" is calculated to cover the store's loss and to build up a certain profit. This kind of redistribution of revenues, which is essentially one of the forms of subsidies within the trade sector, does not, of course, encourage a tightening of the economy regime in the trade sector.

We should immediately say that USSR Goskomtsen is not in a position, of course, to administer a differentiation of trade discounts which would be acceptable for all enterprises and organizations in the trade sector. Its task, it seems to us, ought to be to improve trade discount differentials by commodity groups. Oblast trade administrations should differentiate the trade discounts for individual torgs [trade association or organization] as a function of specific trade conditions, and for the stores by the torgs, since at the local level they are more aware of the operating conditions of their subordinate enterprises and organizations and of the causes giving rise to deviations of the level of costs in selling given commodity groups. In addition, in setting the levels of trade discounts the oblast trade administrations and torgs are put in a position where they can influence the level of distribution costs, and this will help to step up the effort for an economy regime.

The instruction now in effect on the procedure for application of trade discounts and wholesale-sales discounts (optovo-sbytovyye skidki), which took effect on 1 January 1979, extended to trade organizations certain rights in the area of regulating the size of trade discounts (Point 18). But in state trade, by contrast with the consumer cooperatives, these rights are not at present being exercised. Meanwhile differentiation of trade discounts is at least as necessary for state trade as for consumer cooperatives.

Two approaches to differentiation of trade discounts have taken shape in consumer cooperatives. Originally trade discounts on commodities with the same designation, set for a particular group of sel'pos [village consumer society] were differentiated as a function of the shipping distance and the level of distribution costs. But this complicated settlements between the wholesale and retail levels in the consumer cooperative system. There were so many trade discounts that it hampered the work of the accounting staff in making out statements and figuring prices, which often led to errors and sometimes even delays in submittal of claims for payment to Gosbank for collection.

That is why this system was subsequently displaced by another system in which the differentiation was not by individual commodities, but based on the average level of trade discounts for all goods as a whole, and not for groups of sel'pos, but for each cost-accounting store, raypo [rayon consumer society] and sel'po individually. This system simplifies settlement for goods and makes it possible to equalize profitability for each store and sel'po, but it does not eliminate the shortcomings noted above. In addition, this method of differentiating trade discounts is limited; it can be used only if there is no departure from the structure of sales outlined in the plan. But life demonstrates that this is unrealistic in practice. Changes in the structure of sales tend to deteriorate the financial condition of certain organizations and increase the income of others unjustifiably. That is why many cooperative organizations have returned to differentiation of trade discounts by commodities, even though it somewhat complicates accounting work.

We should emphasize that this differentiation of trade discounts is making it necessary to plan distribution costs by commodities and groups of commodities. In state trade this is not yet practiced, but it is extremely indispensable, since establishing trade discounts for organizations and enterprises on the basis of standard distribution costs would be the basis for solving the question of differentiation of trade discounts. If trade discount differentiation is to be sound, it is equally important to determine their other part--profit.

Though trade discounts are differentiated in the consumer cooperative system, there is one rate of profit established for all organizations and enterprises. In our view this approach is not sound enough. The point is that the financial requirements of different trade organizations are not identical. This applies to all lines of use of profit, as confirmed by experimental computations of the necessary financial resources which were made for promtorgs of Moskovskaya Oblast. The system of differentiation of trade discounts must also take this circumstance into account. In other words, a differentiated approach is needed to determination of rates of profitability assigned to each enterprise and torg.

The point of departure in determining the differentiated rate of profitability for organization should be the following principle: the rate of profitability should ensure the formation of incentive funds and the fund for marking down goods, a rise in the allowance of own working capital and deduction from profit to the budget (these financial requirements determine the necessary profitability). Under the conditions of the mutual relationships that have taken shape between trade organizations and the budget, capital investments can be made only out of that portion of profit which remains.

Oblast trade administrations are concerned with development of the local trade network, which is why the volume of possible capital investments should be determined at the level of the oblast, so that they can then be allocated in accordance with the needs of various trade organizations. This approach will make it possible to conduct maneuvers with financial resources for these purposes and will thereby create an equal possibility of furnishing trade space to the cities in the oblast.

These considerations must be made the basis of procedures for determining differentiated rates of profitability and differentiated trade discounts.

Practical application of the differentiated trade discounts calculated for trade organizations and enterprises is bound up with developing a mechanism for their use. We should note that in the consumer cooperative system a certain experience has been gained in differentiating trade discounts among retail enterprises, which can in part be used in working out a mechanism for differentiating trade discounts in state trade. But this cannot be altogether copied, since the conditions for conduct of economic activity are not the same in these systems.

By contrast with state trade, the consumer cooperative system has a broad network of enterprises with a relatively small turnover which mainly carry a general assortment of goods. These sales conditions make it necessary to organize deliveries of goods mostly from the depots of raypos, since at these depots the preliminary sorting of goods necessary in the consumer cooperative system is done to make up the small orders that include the most diverse goods. It is precisely this circumstance that is used in the mechanism for differentiation of trade discounts in the consumer cooperative system; that is, they are differentiated only with respect to those commodities which pass through the system of wholesale distribution depots of the consumer cooperative system. Schematically the differentiation of trade discounts can be represented as follows: suppliers--industrial enterprises--grant the same trade discount to depots of oblast consumer unions, depots of oblast consumer unions differentiate the trade discount amount raypos and consumer societies, and the raypos in turn differentiate the trade discount among consumer societies and retail enterprises on the goods which they pass on to them.

The sale of goods in state retail trade, above all nonfood items, takes place at large trade enterprises, a sizable portion of which are specialized. Even in univermags [department stores] there are departments which are equivalent in their sales volume to specialized stores. All of this determines a different structure of economic relations of retail enterprises with suppliers than that which occurs in the consumer cooperative system.

A study of economic relations conducted for nonfood stores of the promtorgs of Moskovskaya Oblast showed that deliveries directly from industrial enterprises and wholesale depots take on very sizable proportions. The share of deliveries of goods to these enterprises from the warehouses of the distribution depot of its parent torg is considerably less, and this basically pertains to stores with a small volume of sales.

The mechanism for differentiation of trade discounts which is used in the consumer cooperative system could be applied in state trade only if the goods pass through all the stages of distribution of commodities one after the other: the supplier (wholesale depot or industrial enterprise)--distribution depot--store. Then suppliers would extend to distribution depots the discounts envisaged by the instruction, and they in turn would have to extend differentiated trade discounts to retail enterprises on the goods they pass on to them. It is this kind of differentiation of trade discounts that was envisaged in Point 18 of the instruction now in effect and which is in use in the consumer cooperative system. But, as research has shown, the differentiation of trade discounts only on goods delivered from the warehouses of distribution depots of the parent torg is manifestly inadequate. Aside from this differentiation, there is also a need to have differentiated trade discounts for commodities delivered to stores directly from wholesale depots or industrial enterprises, bypassing the distribution depots of the torgs. Consequently, trade discounts must be differentiated regardless of the source from which the commodity arrives.

In solving the problem of the procedure for devising differentiated trade discounts we should bear in mind that suppliers--industrial enterprises and wholesale depots--are not in a position to take into account differences in the trade organization's conditions for conduct of economic activity, much less those of the individual enterprise, and there is therefore no point in expecting them to differentiate the trade discounts. This means that solving the problem of differentiating trade discounts on commodities delivered to the retail network (regardless of the source from which they arrive--distribution depots, oblast wholesale depots, industrial enterprises) essentially rests on regulating differences among trade discounts extended by suppliers and the differentiated trade discounts assigned to organizations and enterprises in retail trade so as to take into account differences in conditions for conduct of economic organizations from one torg to another and within torgs.

In the consumer cooperative system the differences between trade discounts extended by suppliers and the differentiated trade discounts are not regulated, and that is the essential defect of that mechanism, which could result in disruption of cost-accounting interests or by the suppliers or customers.

In working out the mechanism for differentiation of trade discounts in state trade the following principles were our point of departure.

Regardless of the source from which the goods come (industrial enterprises or wholesale depots) differentiated trade discounts have to be extended to enterprises within the limits of the total amounts of those discounts assigned to the torg by the oblast trade administration.

The procedure for regulation depends on the form of commodity distribution. For instance, if the goods come to the distribution depot of the *torg*, it becomes necessary to regulate differences between the differentiated trade discounts of the *torg* (DTST), which are assigned on the basis of differences within the *oblast*, and the discounts extended by suppliers in accordance with the instruction in effect. This difference shows the relationship of costs in the sale of goods in specific *torgs* and the standard costs envisaged in assigning the uniform trade discounts (YeTS), which is why it has to be regulated at the level of the *oblast* trade administration.

The sum of the differences between the differentiated trade discounts for *torgs* and the uniform trade discounts must periodically be credited to the collection account of the *oblast* trade administration or withdrawn from it.

When goods arrive at enterprises of retail trade from the distribution depot of the parent *torg*, the need arises to regulate the difference between the differentiated trade discounts of the enterprise (DTSP) assigned on the basis of differences within the *torg* and the differentiated trade discounts of the *torg* (DTST). This difference shows the relationship of costs in selling the goods as compared to the overall costs of the *torg*, which is why it has to be regulated within the *torg*.

When goods arrive at stores directly from industrial enterprises and wholesale depots, the difference has to be regulated twice: the first time--for the difference between the DTST and the YeTS, and the second time for the difference between the DTST and the DTSP.

Constructive results in differentiating trade discounts to strengthen cost accounting, to obtain a realistic assessment of the performance of trade enterprises, and consequently for discovering unused economies are so great that they exceed the costs in the form of a certain increase in the amount of current accounting work that must be done.

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